



**WITZENBERG**

Municipality • Munisipaliteit • U Masipala Wasa



*A municipality that cares for its community, creating*

*growth & opportunity*

*diomni & obholcunsa*



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# *Chapter 1*



## *Mayor's Foreword and Executive Summary*

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## CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

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### CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

#### COMPONENT A: MAYOR'S FOREWORD

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##### **a. Vision**

(A succinct narrative on the direction of travel, key strategic objectives and the major changes that are being addressed). This is the most important single statement in the Annual Report.

##### **b. Key Policy Developments**

(This is based on Strategic alignment to the Provincial Growth and Development Strategy, and the IDP strategies included in the IDP especially with focus on impact and outcome achieved – bearing in mind that foreword provides details that should be included in the chapters to follow.)

##### **c. Key Service Delivery Improvements**

(Comment on the major successes of the year included and provide an indication of challenges overcome.)

##### **d. Public Participation**

(Methods and/or processes used to increase public awareness on service availability engage public in decision making and improve accountability to communities.)

##### **e. Future Actions**

(Initiatives committed whereby service delivery will be improved over the next few years.)

##### **f. Agreements / Partnerships** (announcements on special partnerships initiated)

##### **g. Conclusion**

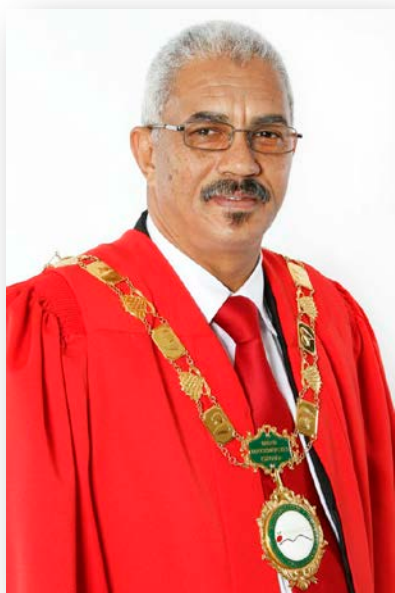
Final thoughts on the year.

(Signed by :) \_\_\_\_\_

Mayor/Executive Mayor

*The Mayor may wish to make brief mention of initiatives attempted that were not entirely successful in the interests of accountability and forming a closer, trusting relationship with the community*





**EXECUTIVE MAYOR**

### **COMPONENT B: EXECUTIVE SUMMARY**

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#### **1.1 MUNICIPAL MANAGER'S OVERVIEW**

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# CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

TO BE INSERTED

## 1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

This report addresses the performance of the Witzenberg Municipality in the Western Cape in respect of its core legislative obligations. Local government must create the participatory framework that defines and enhances the relationship between elected leaders and their communities. This requires that the council of the municipality provides regular and predictable reporting on programme performance and the general state of affairs in their locality.

The 2012/13 Annual Report reflects on the performance of the Witzenberg Municipality for the period 1 July 2012 to 30 June 2013. The Annual Report is prepared in terms of Section 121(1) of the Municipal Finance Management Act (MFMA), in terms of which the Municipality must prepare an Annual Report for each financial year.

### 1.2.1 VISION AND MISSION

The Witzenberg Local Municipality committed itself to the vision and mission of -

*Vision*

*"A Municipality that cares for its community, creating growth and opportunities"*

*Mission*

*"The Witzenberg Municipality is committed to improve the quality of life of its community by:*

- *Providing and maintaining affordable services.*
- *Promoting Social and Economic Development*
- *The effective and efficient use of available resources*
- *Effective Stakeholder and Community participation"*

### 1.2.2 DEMOGRAPHIC INFORMATION

#### a) Municipal Geographical Information

The Witzenberg Local Municipality (LM), founded in 2000, is classified as a Category B municipality and is responsible for basic service provision to the demarcated municipal area that includes the towns of Ceres, Tulbagh, Prince Alfred's Hamlet, Wolseley and Op-Die-Berg. The rural areas within the municipal boundary are Ceres Valley, Koue Bokkeveld, Achter-Witzenberg and the northern portion of Breede River Valley (Land van Waveren).

The climate in Witzenberg is known for its hot and dry summer days. Winds are seasonal and generally North-westerly or South-easterly. The average annual rainfall in Ceres is about 1 088 mm and the average temperature range is 2,4°C to 29,9°C.





## CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

Located in the picturesque and fertile Breede Valley, Witzenberg is best known for its fruit and wine products. The region is also well-known for producing other agriculturally-linked products such as olives and grain, as well as for producing beef and pork products. Horse and cattle stud farms are also found within the municipal area.

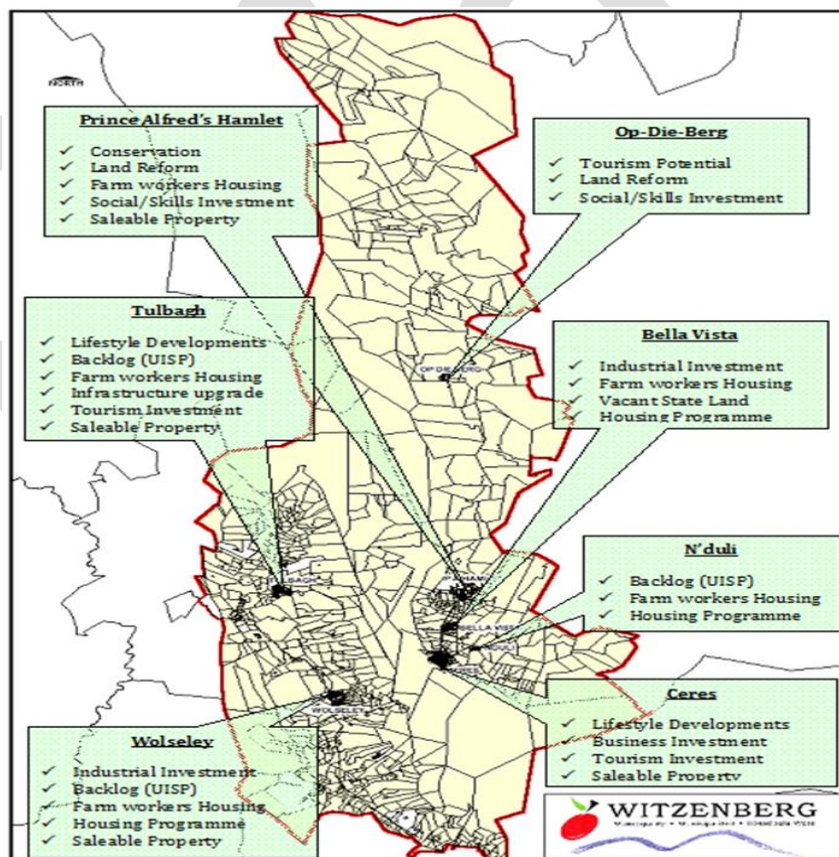
The principal socio-economic realities in our region are:

- Seasonal labour and Social Grant dependency
- Unemployment rate: 5339 people
- People in poverty: 24231
- Skills Shortage (Illiteracy rate = 36%)
- Youthful population: 56.8% of population is under 30 years of age
- Population concentration: 46.9% Rural; 53.1% Urban

Witzenberg's population stands at 115946 and the racial breakdown is 65.9% Coloured, 25.3% Black, 7.7% White, 0.2% Asians and 0.8% other.

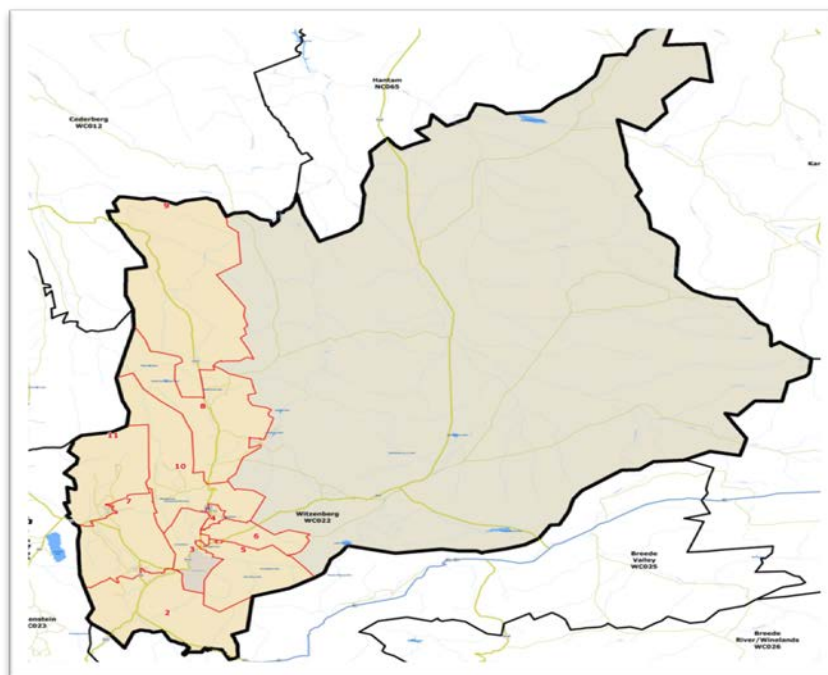
The two largest sector contributors to the GDP are agriculture (35,6%) and the manufacturing sector (20,9%), growing on average at 2,1% and 10,6% respectively per annum. Within the manufacturing sector, the food, beverage & tobacco sub-sector is clearly dominant, representing 69,4% of total manufacturing.

**Graphic illustration of spatial elements, potential and constraints:**



**Figure 1: Spatial elements**





*Figure 2: Witzenberg Graphic illustration*

Witzenberg LM comprises an area of 10 753 km<sup>2</sup>, and is situated about 150 kilometers North-East of Cape Town. The region is surrounded by three mountain ranges: the Obiqua Mountains to the west, the Winterhoek Mountains to the north and the Witzenberg range to the east – mountain ranges which are all often spectacularly covered in snow during the winter months. Witzenberg's natural surroundings are characterized by some selection of fauna and flora, forest wilderness and include the catchment area of three river systems.

The Witzenberg Municipal area is characterised by:

- Urban development – low intensity & density, large under-utilized land in prosperous areas.
- Lower income areas – high density, under-provision of formal business development.
- Towns characterised by segregation in settlements – duplication of services, different levels of development due to historic development patterns.
- Commonage with eco-tourism potential.

From a spatial perspective, some of the challenges facing the various areas of the municipality are:

- Op-die-Berg and the Koue Bokkeveld: Limited space for human settlement expansion due to bio-physical conditions and the competition for land for the various social and agricultural needs.
- Prince Alfred Hamlet: A low overall density of development, with definite bio-physical constraints to expansion such as the need to protect biodiversity resources.
- Ceres: Low density development with limited opportunities for densification.
- N'duli: The scarcity of land to address social needs, and conflict with surrounding agricultural uses.
- Wolseley: Located on a watershed complicates the provision of services, and the wetland area is unsuitable for development.

### Wards



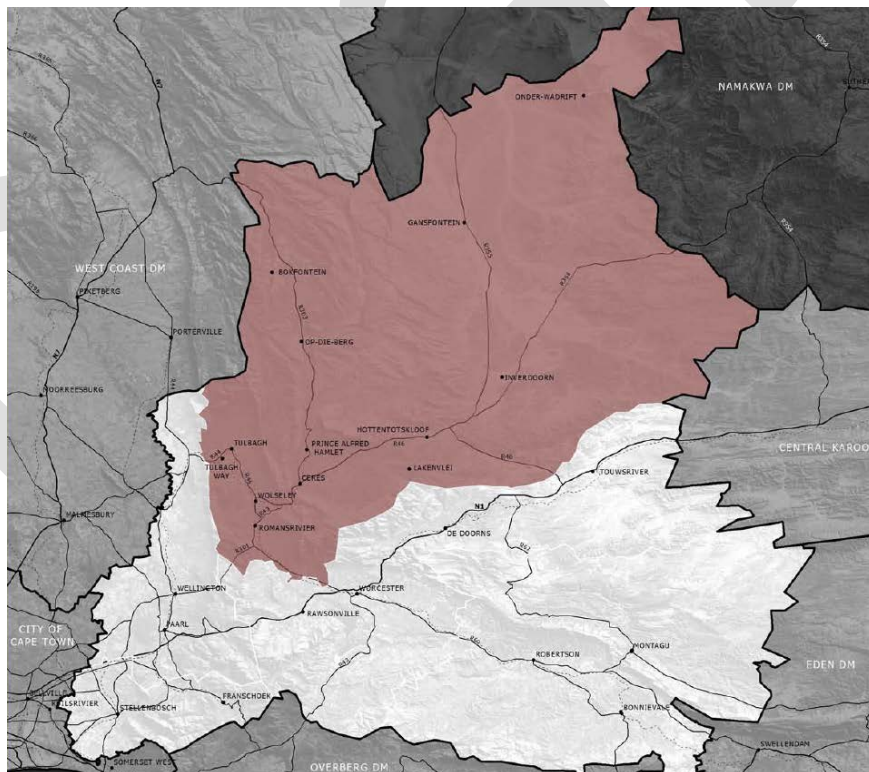
# CHAPTER 1: MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

The Municipality is currently structured into the following **12** Wards:

| Ward | Areas   |
|------|---|
| 1    | Nduli - Polo Cross & Primary School   |
| 2    | Wolseley - WF Loots, Petra, Dwarsrivier   |
| 3    | Ceres - Primary School, Stadsaal, Fairfield School  |
| 4    | Prince Alfred's Hamlet - Town Hall, Bella Vista High School, Ceres Aartappels                     |
| 5    | Ceres Vallei Church Hall, Bothashalt School, Achtertuin Primary school                            |
| 6    | Bella Vista - URC Hall & Community Hall   |
| 7    | Tulbagh - Community Hall. Wolseley - Primary & Secondary School                                   |
| 8    | Koue Bokkeveld - Môrester, Bronaar, Kromfontein, Rocklands.                                       |
| 9    | Op-Die-Berg, Tandfontein, Wydekloof, Voorsorg.  |
| 10   | Phase 4 Hamlet, Agter Witzenberg, Koelfontein.  |
| 11   | Tulbagh - Town Hall & werkestoer, De Agen, Twee Jonge Gezellen.                                   |
| 12   | Nduli Community Hall, Bo-Swaarmoed, Inverdoorn, Wanganella, Driefontein, Achtertuin, Gansfontein. |

**Table 1: Municipal Wards**

Below is a map of the Western Cape that indicates the location of the Municipality in the Cape Winelands District area:



**Figure 3: Western Cape Area Map**



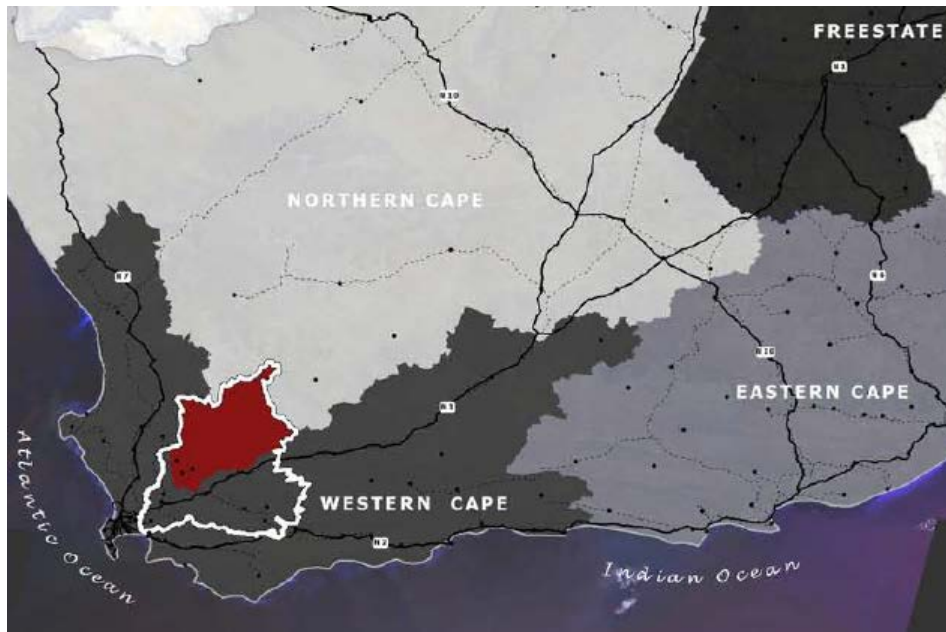


Figure 4: Western Cape Area map 2

### 1.2.3 POPULATION

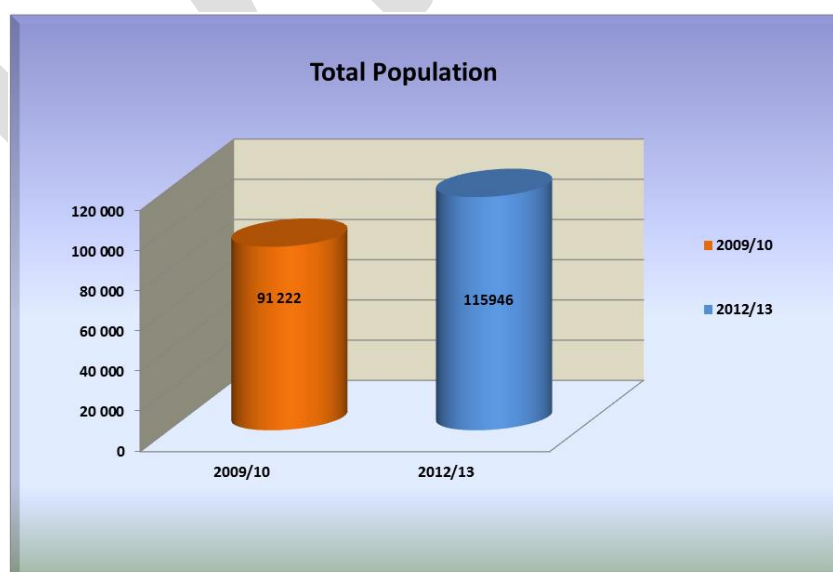
The table below indicates the total population within the municipal area:

| Population | 2009/10 | 2012/13  |
|------------|---------|----------|
|            | 91 222  | 115 946* |

*\*Statistics South Africa: Census 2011*

Table 2: Demographic information of the municipal area – Total population

The graph below illustrate the yearly population growth for the municipal area.



Graph 1: Total Population Growth



## CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

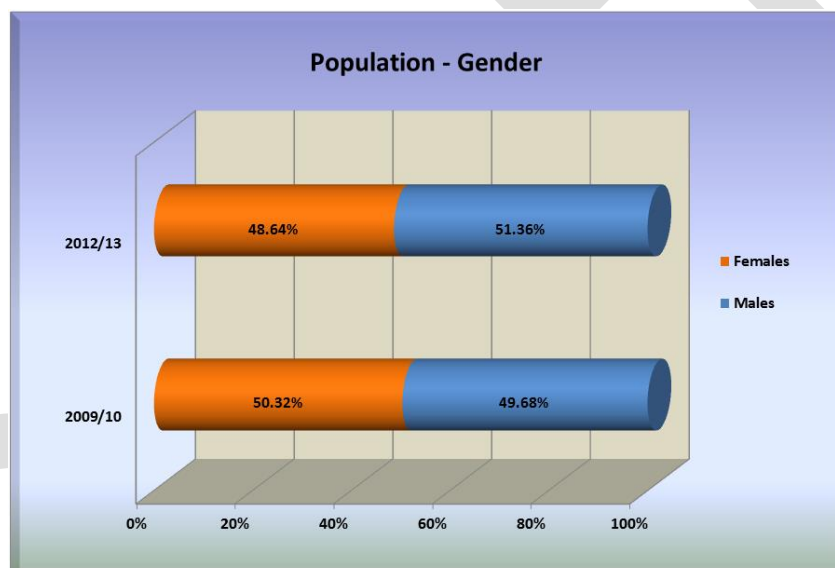
### a) Population by Gender

Witzenberg Local Municipality population is closely balanced with **48.6% (56 392)** representation of females and **51.4% (59 554)** of males as shown below.

| Population - Gender                   | 2009/10       | 2012/13         |
|---------------------------------------|---------------|-----------------|
| Females                               | 45 906        | 56 392*         |
| Males                                 | 45 316        | 59 554*         |
| <b>Total</b>                          | <b>91 222</b> | <b>115 946*</b> |
| *Statistics South Africa: Census 2011 |               |                 |

**Table 3: Demographic information of the municipal area – Gender**

The following graph displays the female to male ratio



**Graph 2: Gender Population**

### b) Population by Gender/Age

The following table display the female to male ratio of 48.6%:51.4%

| Population - Gender/Age | 2009/10 | 2012/13* |
|-------------------------|---------|----------|
| Females aged 0 - 4      | 4 471   | 5 070    |
| Males aged 0 - 4        | 4 811   | 5 238    |
| Females aged 5 - 14     | 8 183   | 9 379    |
| Males aged 5 - 14       | 8 473   | 9 771    |
| Females aged 15 - 34    | 15 913  | 20 555   |
| Males aged 15 - 34      | 15 097  | 23 610   |
| Females aged 35 - 64    | 15 002  | 18 909   |





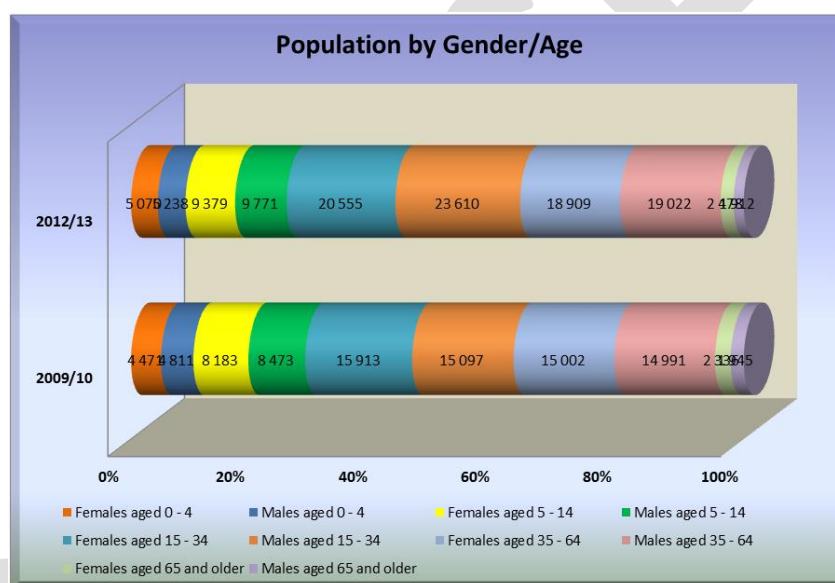
## CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

| Population - Gender/Age   | 2009/10       | 2012/13*       |
|---------------------------|---------------|----------------|
| Males aged 35 - 64        | 14 991        | 19 022         |
| Females aged 65 and older | 2 336         | 2 478          |
| Males aged 65 and older   | 1 945         | 1 912          |
| <b>Total</b>              | <b>91 222</b> | <b>115 946</b> |

*\*Statistics South Africa: Census 2011*

**Table 4: Demographic information of the municipal area – Gender/Age**

The graph below indicates the population categories by gender/age



**Graph 3: Population Categories by gender/age**

### c) Population by Race Categories

| Population - Racial | 2009/10       | 2012/13*       |
|---------------------|---------------|----------------|
| African             | 21 875        | 29 300         |
| Coloured            | 60 905        | 76 450         |
| Indian              | 140           | 273            |
| White               | 8 302         | 8 944          |
| Other               | 0             | 979            |
| <b>Total</b>        | <b>91 222</b> | <b>115 946</b> |

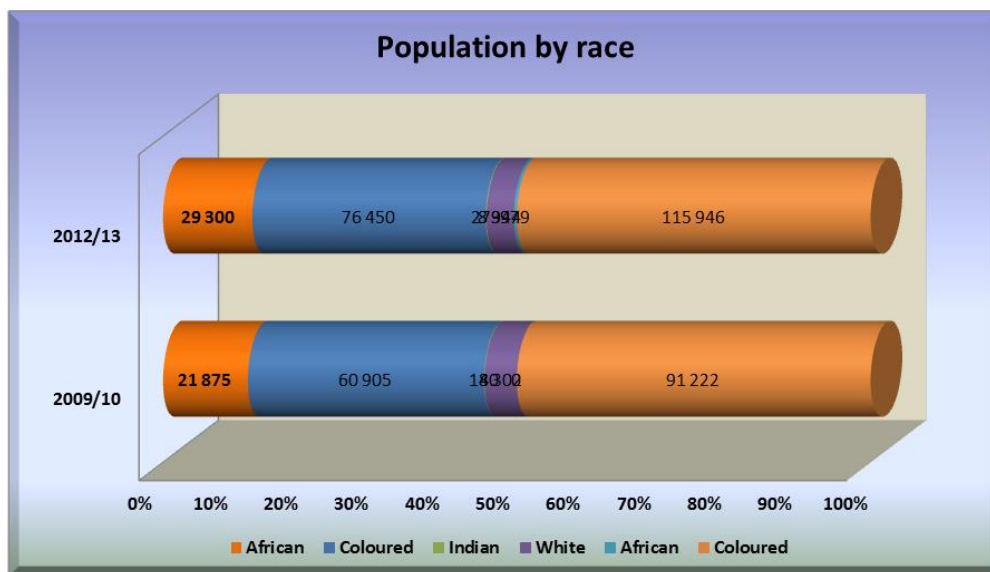
*\*Statistics South Africa: Census 2011*

**Table 5: Demographic information of the municipal area – Race categories**

The graph below shows the population by race.



## CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY



**Graph 4: Population by race**

### 1.2.5 HOUSEHOLDS

The total number of households within the municipal area increased from 23 892 (2011/12) to 24 600 (2012/13) and the indigent households decreased from 4 788 (2011/12) to 2 599 (2012/13).

| Households  | 2010/11 | 2011/12 | 2012/13* |
|---|---------|---------|----------|
| Number of households in municipal area              | 23 892  | 23 892  | 24 600   |
| Number of indigent households in municipal area     | 3 759   | 4 788   | 2 599    |
| Percentage of indigent households in municipal area | 16      | 20      | 11       |

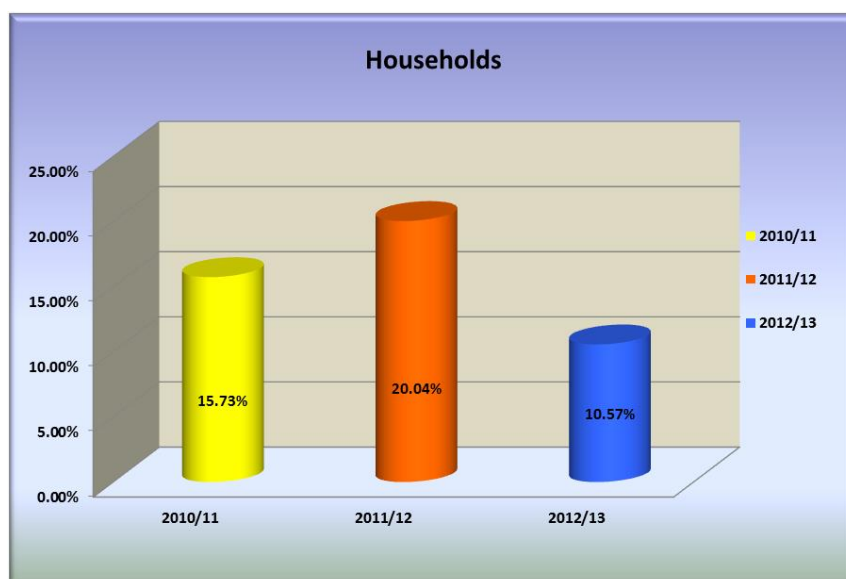
*\*Statistics South Africa: Census 2011*

**Table 6: Total number of households**

The graph below shows the total number of indigent households within the municipal area



## CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY



*Graph 5: Total % indigent households within the municipal area*

The following table shows the overall population within the specific area:

| Area                 | Population     |
|----------------------|----------------|
| Witzenberg NU        | 52 200         |
| Op-die-Berg          | 1 530          |
| Meulstroom           | 1 084          |
| Tulbagh              | 8 969          |
| Prince Alfred Hamlet | 6 809          |
| Bella Vista          | 13 460         |
| Ceres                | 10 412         |
| eNduli               | 9 350          |
| Wolseley             | 1 528          |
| Pine Valley          | 4 341          |
| Montana              | 6 263          |
| <b>Total</b>         | <b>115 946</b> |

*Table 7: Overview of the neighborhoods within municipal area*

### 1.2.6 KEY ECONOMIC ACTIVITIES

Intensive agricultural areas are located along river courses. The Municipality is dependent upon the following economic activities:

| Key Economic Activities | Description  |
|-------------------------|--|
| Agriculture             | Fruit production (deciduous fruit), Vegetable production |
| Manufacturing           | Fruit packaging and processing                           |





## CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

| Key Economic Activities | Description  |
|-------------------------|--|
| Tourism                 | Marketing and branding, expo's, lifestyle development, eco-tourism (trout, olives) |
| Finance                 | Legal Services, Financial services   |
| Trade                   | Wholesale, Retail, Big export activity   |

*Table 8: Key Economic activities*

### 1.2.7 MUNICIPAL CHALLENGES

The following general challenges are experienced by the Municipality:

| Challenges  | Actions to address  |
|---|---|
| Growing infrastructure maintenance & repair backlog.          | Funding remains a constraint, especially because of commitments to repay loans. Maintenance budget will increase over the MTREF period although still insufficient  |
| Uncontrolled growth of informal settlements                   | Human settlements focus has shifted towards provision of serviced plots which would enable better control over growth of informal areas. Progress are, however, slow due to factors influencing planning processes such as long term planning, land use management and funding.                           |
| Deterioration of Tulbagh roads                                | A programme to upgrade Tulbagh's roads has been implemented over the past couple of years and has been budgeted for up to the next three years. Budgeting are, however, insufficient to address the total backlog   |
| Increased housing backlog and insufficient funding to address | Housing remain one of the biggest community needs. A housing project in Tulbagh has been implemented successfully, but the total backlog will not be addressed within the next 15 years with the current allocation of funding  |
| Sustainable job creation                                      | Although procurement processes and implementation of temporary community development projects has been aligned to maximize usage of local labour, job creation are still very much market driven. The municipality does support investment initiatives through infrastructure development and tax rebates |
| Increased vandalism & theft of municipal property             | Vandalism and theft has increased rapidly over the past couple of years with the cost of security companies and securing of facilities influencing the availability of funding for service delivery. A strategic effort will be put in place that will include increased law enforcement                  |

*Table 9: Municipal Challenges*

## 1.3 SERVICE DELIVERY OVERVIEW

### 1.3.1 BASIC SERVICES DELIVERY PERFORMANCE HIGHLIGHTS

| Highlight                   | Description  |
|-----------------------------|--|
| Zoning verification project | Project that investigated and rectified zoning data for all properties in the municipal area for the purpose of levying the correct property |



## CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

| Highlight   | Description   |
|---|---|
|   | rates, was concluded  |
| Kleinberg River pipeline  | Completion of Kleinberg River project. For bulk water supply to Tulbagh   |
| Chris Hani, Helpmekaar housing project  | MV, LV and street lighting networks for 378 topstructures   |
| Roll-out of GIS for revenue protection  | GIS can now be used to monitor low consumption accounts and billing discrepancies in order to monitor and reduce unaccounted for energy purchases |
| Implementation of planned maintenance plan  | The Plan is designed to guide personnel carrying out maintenance work and record maintenance done   |
| Upgrading MV supply to Wolseley Industrial area   | Installation of MV lines, cables and switchgear to improve quality of supply to the Industrial area in Wolseley                                   |
| Installation of bulk energy meters in distribution substations in Wolseley and verification of sales data | Meters are used to measure energy sent out so that the sales can be checked to ensure minimum losses  |
| Two bags system (weekly)  | Green bags (garden) & black bags (households)   |
| First runner up (waste management)  | 2012 greenest municipality competition  |
| Solid waste service delivery  | 100% service waste management   |
| National outcome 10 delivery target   | 80% licenced waste site 2012/13   |
| Integrated Waste Management Plan  | Sector plan in IDP  |

*Table 10: Basic Services Delivery Highlights*

### 1.3.2 BASIC SERVICES DELIVERY CHALLENGES

| Service Area             | Challenge   | Actions to address                              |
|--------------------------|---|---|
| Sanitation               | Informal areas  | More toilets. Awareness campaigns               |
| Water                    | Informal areas  | More standpipes. Awareness campaigns            |
|                          | Water Demand Management   | Implement WDM strategy. Awareness               |
|                          | Supply in rural areas   | Service agreements with land owners             |
| Electricity              | Lack of suitable human and other resources (such as old vehicles that are uneconomical to repair) to carry out effective planned maintenance  | Source additional funding                       |
| Electricity              | Capital funding for external bulk supply to subsidised housing projects within a distance up to 3 km from an existing supply are not funded by the INEP. Own funds for MV distribution networks are not available | Source additional funding                       |
| Solid Waste - Ceres      | Rehabilitation of landfill sites  | Budget 6 million                                |
| Solid Waste - Witzenberg | Reporting accurate waste reports (DEADP)  | Weighbridge                                     |
|                          | Solid waste tariff structure  | Guidelines solid waste tariff structure ( dea ) |
|                          | Composting  | Chipper   |
|                          | Regional landfill site (CWDM)   | Transfer stations                               |

*Table 11: Basic Services Delivery Challenges*



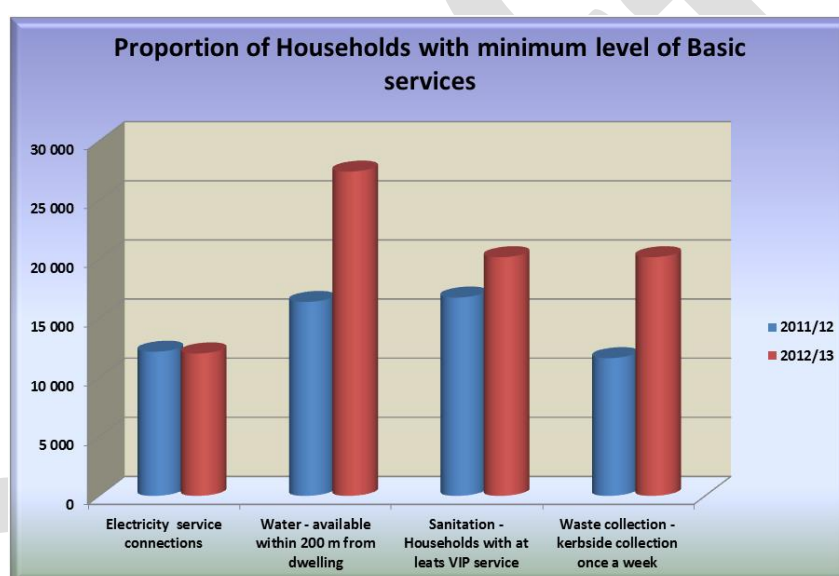
## CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

### 1.3.3 PROPORTION OF HOUSEHOLDS WITH ACCESS TO BASIC SERVICES

| Proportion of Households with minimum level of Basic services |         |         |
|---|---------|---------|
| Description   | 2011/12 | 2012/13 |
| Electricity service connections                               | 12 189  | 12 044  |
| Water - available within 200m from dwelling                   | 16 398  | 27 418  |
| Sanitation - Households with at least VIP service             | 16 770  | 20 181  |
| Waste collection - kerbside collection once a week            | 11 647  | 20 181  |

Table 12: Households with minimum level of Basic Services

The table below indicates the amount of households with access to minimum level of basic services:



Graph 6: Households with access to basic services

## 1.4 FINANCIAL HEALTH OVERVIEW

### 1.4.1 FINANCIAL VIABILITY HIGHLIGHTS

| Highlight                       | Description   |
|---------------------------------|---|
| Debt coverage ratio 23.5        | The number of times debt payments can be accommodated within operating revenue. This represents the ease with which debt payments can be accommodated by the municipality |
| Cost coverage ratio 1.54 months | It explains how many months expenditure can be covered by cash and other cash equivalents available to the municipality   |

Table 13: Financial Viability Highlights

### 1.4.2 FINANCIAL VIABILITY CHALLENGES



## CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

| Challenge                       | Action to address  |
|---------------------------------|--|
| Service debtors to revenue 0.52 | A specialised service provider to be appointed to collect outstanding debt |

Table 14: Financial Viability Challenges

### 1.4.3 NATIONAL KEY PERFORMANCE INDICATORS – MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT (RATIOS)

The following table indicates the municipality's performance in terms of the **National Key Performance Indicators** required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These key performance indicators are linked to the **National Key Performance Area** namely **Municipal Financial Viability and Management**.

| KPA & Indicator   | 2011/12   | 2012/13  | Comments  |
|---|-----------|----------|---|
| Debt coverage ((Total operating revenue-operating grants received):debt service payments due within the year) | 17.11 : 1 | 23.5 : 1 | This indicator is to determine if the municipality generates sufficient cash to cover outstanding debtors, the higher the ratio, the better |
| Service debtors to revenue – (Total outstanding service debtors: revenue received for services)               | 0.47 : 1  | 0.52 : 1 | This is the percentage that outstanding debtors are of annual revenue, the lower, the better  |
| Cost coverage ((Available cash+ investments): Monthly fixed operating expenditure                             | 1.78 : 1  | 1.54 : 1 | This is the percentage that cash on hands will be able to cover monthly expenditure, the higher, the better                                 |

Table 15: National KPI's for financial viability and management

### 1.4.4 FINANCIAL OVERVIEW

| Details                      | Original budget | Adjustment Budget | Actual      |
|------------------------------|-----------------|-------------------|-------------|
|                              | R               | R                 | R           |
| <b>Income</b>                | 138 179 703     | 155 532 946       | 145 478 243 |
| Grants                       | 252 188 957     | 259 317 699       | 249 845 356 |
| Taxes, Levies and tariffs    | 23 247 063      | 23 284 520        | 31 444 807  |
| Other                        | 346 850 323     | 361 408 942       | 337 868 749 |
| <b>Less Expenditure</b>      | 66 765 400      | 76 726 223        | 88 899 657  |
| <b>Net surplus/(deficit)</b> | 138 179 703     | 155 532 946       | 145 478 243 |

Table 16: Financial Overview

### 1.4.5 OPERATING RATIOS

| Detail                | Expected norm | Actual | Variance |
|-----------------------|---------------|--------|----------|
|                       | %             | %      | %        |
| Employee Cost         | 30%           | 28.70% | -1.30%   |
| Repairs & Maintenance | 20%           | 3.95%  | -16.05%  |



## CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

| Detail                         | Expected norm | Actual | Variance |
|--------------------------------|---------------|--------|----------|
|                                | %             | %      | %        |
| Finance Charges & Depreciation | 10%           | 8.07%  | -1.93%   |

*Table 17: Operating ratios*

Employee costs represent 28.7% of the total operating expenditure, which is in line with expected norms set by National Treasury.

Repairs and maintenance costs represents 3.95% of total operating expenditure. This is well below National Treasury's expected norm of 20%. The increased spending on new infrastructure, mostly funded from grants, as well as the age of the existing infrastructure requires significant spending on repairs and maintenance, but a lack of funding puts a damper to this requirement. The municipality is looking at strategies to ensure proper maintenance of all municipal assets.

Although it is agreed that the spending on repairs and maintenance needs to increase it is believed that the norm of 20% set by National Treasury is too high. According to National Treasury's norms, 60% of the budget must be spend on employee cost, repairs and maintenance, finance charges and depreciation. If the 35% that Witzenberg Municipality spend on bulk purchases are added to the mentioned 60%, only 5% of the operating expenditure is available for debt impairment, remuneration of councillors, operating grant expenditure and all other expenditure.

Employee costs represent 8.07% of total operating expenditure, which is in line with expected norms set by National Treasury. This ratio should decrease in the future as the municipality is in the process of redeeming the outstanding loans.

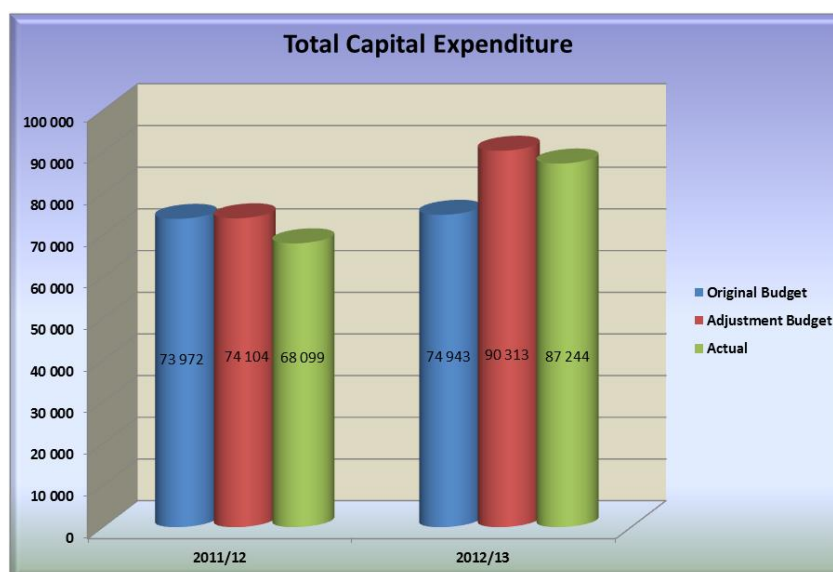
### 1.4.6 TOTAL CAPITAL EXPENDITURE

| Detail            | 2011/12 | 2012/13 |
|-------------------|---------|---------|
|                   | R'000   |         |
| Original Budget   | 73 972  | 74 943  |
| Adjustment Budget | 74 104  | 90 313  |
| Actual            | 68 099  | 87 244  |

*Table 18: Total Capital Expenditure*



## CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY



Graph 7: Total Capital Expenditure

### 1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW

#### 1.5.1 MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT HIGHLIGHTS

| Highlight                                | Description  |
|--|--|
| Auditor-General audit report for 2011/12 | No audit findings from AGSA after the completion of the audit on Human Capital Management Section      |
| Workplace Skills Plan                    | Rolling out the WSP Programme to optimum target set for the financial year                             |
| WSP                                      | Realising the approval of the 18.2 Learnership as we could skill the unemployed in the Witzenberg area |
| CPMD programme                           | Capacitating personnel ( management & middle ) on leadership development programme                     |

Table 19: Municipal Transformation and Organizational Development Highlights

#### 1.5.2 MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT CHALLENGES

| Challenge  | Actions to address   |
|--|--|
| Attracting certain designated groups in lower occupational levels  | Headhunting methods to certain designated groups to realise numerical goals  |
| Complete high occupational level disciplinary cases within the required timeframes as per collective agreement | Not always in employer's control as certain dynamics between applicant and respondent delay the processes inevitably |
| Funding from LGSETA for ABET learners for designated employees   | Continuously engage with the LGSETA's provincially in this regard  |

Table 20: Municipal Transformation and Organizational Development Challenges

### 1.6 AUDITOR GENERAL REPORT



## CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

### 1.6.1 AUDITED OUTCOMES

Witzenberg municipality is proud that it was able to obtain unqualified audit outcomes for the past four financial years. The implementation of GRAP (General Recognised Accounting Standards – the “new” accounting standards for local government) was a huge challenge, but still unqualified audit outcomes were obtained. The challenge for the future is to at least maintain this standard, while attempting to obtain clean audits. The Auditor-General South Africa will issue opinions on the performance indicators in years to come which add to the challenge.

The table below detail the audit comes for the past five financial years

| Year   | 2008/09     | 2009/10     | 2010/11     | 2011/12     | 2012/13     |
|--------|-------------|-------------|-------------|-------------|-------------|
| Status | Unqualified | Unqualified | Unqualified | Unqualified | Unqualified |

*Table 21: Audit Outcomes*



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# *Chapter 2*



*Governance*

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## CHAPTER 2: GOVERNANCE

### CHAPTER 2: GOVERNANCE

Good governance has 8 major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society.

#### PERFORMANCE HIGHLIGHTS - GOOD GOVERNANCE AND PUBLIC PARTICIPATION

| Highlight                       | Description                   |
|---------------------------------|-------------------------------|
| Effective Ward Committee System | Enhanced public participation |

Table 22: Good Governance and Public Participation Performance Highlights

#### CHALLENGES - GOOD GOVERNANCE AND PUBLIC PARTICIPATION

| Description                          | Actions to address    |
|--------------------------------------|-----------------------|
| Implementation of electronic agendas | Availability of funds |

Table 23: Good Governance and Public Participation Challenges

### COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

#### 2.1 POLITICAL GOVERNANCE STRUCTURE

The council performs both legislative and executive functions. It focuses on legislative, oversight and participatory roles, and has delegated its executive function to the Executive Mayor and the Mayoral Committee. Its primary role is to debate issues publicly and to facilitate political debate and discussion. Apart from their functions as policy makers, Councillors are also actively involved in community work and the various social programmes in the municipal area.

##### 2.1.1 COUNCIL

Below is a table that categorised the councillors within their specific political parties and wards:

| Name of councillor | Capacity               | Political Party | Ward representing or proportional |
|--------------------|------------------------|-----------------|-----------------------------------|
| S Louw             | Executive Mayor        | DA              | Proportional                      |
| K Adams            | Deputy Executive Mayor | Independent     | Ward 6                            |
| T Godden           | Speaker                | COPE            | Proportional                      |
| W Hanekom          | MAYCO Member           | DA              | Ward 3                            |
| H Smit             | MAYCO Member           | DA              | Ward 5                            |
| R Visagie          | MAYCO Member           | DA              | Ward 4                            |



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| Name of councillor                        | Capacity     | Political Party                               | Ward representing or proportional |
|---|--------------|---|-----------------------------------|
| B Klaasen                                 | MAYCO Member | DA  | Proportional                      |
| M Saula                                   | Councillo    | ANC   | Ward 1                            |
| D Swart                                   | Councillor   | DA  | Ward 2                            |
| P Heradien                                | Councillor   | DA  | Ward 7                            |
| L Salmon                                  | Councillor   | ANC   | Ward 8                            |
| M Simpson                                 | Councillor   | ANC   | Ward 9                            |
| P Waterboer                               | Councillor   | DA (until Nov. 2012)<br>ANC (From Dec. 2012)  | Ward 10                           |
| E Sidego                                  | Councillor   | DA  | Ward 11                           |
| M Badela                                  | Councillor   | ANC   | Ward 12                           |
| JJ du Plessis                             | Councillor   | DA  | Proportional 3                    |
| MC du Toit                                | Councillor   | ANC   | Proportional 1                    |
| JNED Klazen                               | Councillor   | DCP   | Proportional 1                    |
| JS Mouton                                 | Councillor   | ANC   | Proportional 2                    |
| JT Phungula                               | Councillor   | ANC   | Proportional 3                    |
| SM Ndwanya                                | Councillor   | ANC   | Proportional 4                    |
| AHP De Beer (Than replaced)<br>BJ Chaaban | Councillor   | NPP (until Feb. 2013)<br>NPP (from Feb. 2013) | Proportional 1                    |
| J Veschini                                | Councillor   | VIP   | Proportional 1                    |

**Table 24: Table 10: Council 2012/13**

Below is a table which indicates the Council meeting attendance for the 2012/13 financial year:

| Meeting dates    | Number of items submitted | Percentage Council Meetings Attendance | Percentage Apologies for non-attendance |
|------------------|---------------------------|--|---|
| 23 August 2012   | 26                        | 95%                                    | 5%                                      |
| 31 January 2013  | 1                         | 91%                                    | 9%                                      |
| 13 February 2013 | 6                         | 95%                                    | 5%                                      |
| 27 February 2013 | 10                        | 87%                                    | 13%                                     |
| 25 March 2013    | 11                        | 91%                                    | 9%                                      |
| 26 April 2013    | 6                         | 53%                                    | 47%                                     |
| 29 May 2013      | 18                        | 100%                                   | 0%                                      |
| 10 June 2013     | 3                         | 100%                                   | 0%                                      |

**Table 25: Table 12: Council meetings**

### 2.1.2 EXECUTIVE MAYORAL COMMITTEE

The Executive Mayor of the Municipality, **Councillor S Louw**, assisted by the Mayoral Committee, heads the executive arm of the Municipality. The Executive Mayor is at the center of the system of governance, since executive powers are vested in him to



## CHAPTER 2: GOVERNANCE

manage the day-to-day affairs. This means that he has an overarching strategic and political responsibility. The key element of the executive model is that executive power is vested in the Executive Mayor, delegated by the Council, and as well as the powers assigned by legislation. Although accountable for the strategic direction and performance of the Municipality, the Executive Mayor operates in concert with the Mayoral Committee.

The name and portfolio of each Member of the Mayoral Committee is listed in the table below for the period 1 July 2012 to 30 June 2013:

| Name of member | Capacity   |
|----------------|--|
| Clr H Smith    | Chairperson Committee for Corporate and Financial Services |
| Clr R Visagie  | Chairperson Committee for Technical Services               |
| Clr B Klaasen  | Chairperson Committee for Rural and Economic Development   |
| Clr W Hanekom  | Chairperson Committee for Community Development            |
| Clr K Adams    | Chairperson Committee for Housing Matters                  |

*Table 26: Executive Mayoral Committee 2012/13*

The table below indicates the dates of the Committee meetings and the number of reports submitted to Council for the 2011/12 financial year:

| Meeting date                                   | Number of items submitted to council |
|--|--------------------------------------|
| <b>HOUSING MATTERS</b>                         |                                      |
| 8 August 2012                                  | 19                                   |
| 13 September 2012                              | 23                                   |
| 24 October 2012                                | 14                                   |
| 5 November 2012                                | 15                                   |
| 21 February 2013                               | 16                                   |
| 18 April 2013                                  | 20                                   |
| 19 May 2013                                    | 10                                   |
| <b>RURAL ECONOMIC DEVELOPMENT AND PLANNING</b> |                                      |
| 18 July 2012                                   | 6                                    |
| 15 August 2012                                 | 7                                    |
| 19 September 2012                              | 8                                    |
| 28 February 2013                               | 6                                    |
| 15 May 2013                                    | 7                                    |
| <b>COMMUNITY DEVELOPMENT</b>                   |                                      |
| 19 July 2012                                   | 12                                   |
| 16 August 2012                                 | 12                                   |
| 20 September 2012                              | 11                                   |
| 23 April 2013                                  | 18                                   |
| <b>CORPORATE AND FINANCIAL SERVICES</b>        |                                      |



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| Meeting date  | Number of items submitted to council |
|---|--------------------------------------|
| 19 July 2012  | 5                                    |
| 16 August 2012  | 6                                    |
| 20 September 2012   | 5                                    |
| 20 February 2013  | 7                                    |
| 25 April 2013   | 8                                    |
| 16 May 2013   | 11                                   |
| <b>TECHNICAL SERVICES</b>   |                                      |
| 18 July 2012  | 13                                   |
| 15 August 2012  | 9                                    |
| 19 September 2012   | 17                                   |
| 17 October 2012   | 10                                   |
| 21 November 2012  | 17                                   |
| 20 December 2012  | 3                                    |
| 19 February 2013  | 13                                   |
| 24 April 2013   | 17                                   |
| 22 May 2013   | 13                                   |
| <i>Please note that the name and functions of the committees have on numerous occasions been altered due to the change of Council</i> |                                      |

**Table 27: Table 15: Committee Meetings**

### 2.1.3 PORTFOLIO COMMITTEES

In terms of section 80 of the Municipal Structures Act, 1998, if a council has an executive committee; it may appoint in terms of section 79 committees of councillors to assist the executive committee or executive mayor. Section 80 committees are permanent committees that specialise in a specific functional area of the municipality and may in some instances make decisions on specific functional issues. They advise the executive committee on policy matters and make recommendations to Council.

The portfolio committees for the 2011/16 Mayoral term and their Chairpersons are as follow:

a) Committee for Housing Matters:

| Committee                     | Chairperson | Section 79 or 80 Committee | Number of minutes submitted to council | Meeting Date   |
|-------------------------------|-------------|----------------------------|--|--|
| Committee for Housing Matters | Clr K Adams | Section 80                 | 7                                      | 8 August 2012<br>13 September 2012<br>24 October 2012<br>5 November 2012<br>21 February 2013<br>18 April 2013<br>19 May 2013 |



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**Table 28: Committee for Human Settlement 2012/13**

b) Committee for Community Development:

| Committee                           | Chairperson   | Section 79 or 80 Committee | Number of minutes submitted to council | Meeting Date   |
|-------------------------------------|---------------|----------------------------|--|--|
| Committee for Community Development | Clr W Hanekom | Section 80                 | 4                                      | 19 July 2012<br>16 August 2012<br>20 September 2012<br>23 April 2013 |

**Table 29: Committee for Community Development 2012/13**

c) Committee for Corporate and Financial Services:

| Committee                                      | Chairperson | Section 79 or 80 Committee | Number of minutes submitted to council | Meeting Date  |
|--|-------------|----------------------------|--|---|
| Committee for Corporate and Financial Services | Clr H Smit  | Section 80                 | 6                                      | 19 July 2012<br>16 August 2012<br>20 September 2012<br>20 February 2013<br>25 April 2013<br>16 May 2013 |

**Table 30: Committee for Corporate and Financial Services 2012/13**

d) Committee for Technical Services:

| Committee                        | Chairperson   | Section 79 or 80 Committee | Number of minutes submitted to council | Meeting Date   |
|----------------------------------|---------------|----------------------------|--|--|
| Committee for Technical Services | Clr J Visagie | Section 80                 | 9                                      | 18 July 2012<br>15 August 2012<br>19 September 2012<br>17 October 2012<br>21 November 2012<br>20 December 2012<br>19 February 2013<br>24 April 2013<br>22 May 2013 |

**Table 31: Committee for Technical Services 2012/13**

e) Committee for Rural Economic Development and Planning:

| Committee | Chairperson | Section 79 or 80 Committee | Number of minutes submitted to council | Meeting Date |
|-----------|-------------|----------------------------|--|--------------|
|           |             |                            |  |              |



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| Committee   | Chairperson   | Section 79 or 80 Committee | Number of minutes submitted to council | Meeting Date   |
|---|---------------|----------------------------|--|--|
| Committee for Rural Economic Development and Planning | Clr B Klaasen | Section 80                 | 5                                      | 18 July 2012<br>15 August 2012<br>19 September 2012<br>28 February 2013<br>15 May 2013 |

*Table 32: Committee for Rural Economic Development and Planning 2012/13*

### 2.2 ADMINISTRATIVE GOVERNANCE STRUCTURE

The Municipal Manager is the Chief Accounting Officer of the Municipality. He is the head of the administration, and primarily has to serve as chief custodian of service delivery and implementation of political priorities. He is assisted by his direct reports, which constitutes the Management Team, whose structure is outlined in the table below:

| Name of Official  | Department                   | Performance agreement signed |
|-------------------|------------------------------|------------------------------|
|                   |                              | (Yes/No)                     |
| David Nasson      | Municipal Manager            | 31 July 2012                 |
| Raymond Esau      | Chief Financial Officer      | 31 July 2012                 |
| Monwabisi Mpeluza | Director: Corporate Services | 31 July 2012                 |
| Mzwandile Jacobs  | Director: Community Services | 31 July 2012                 |

*Table 33: Administrative Governance Structure*





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### COMPONENT B: INTERGOVERNMENTAL RELATIONS

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#### 2.3 INTERGOVERNMENTAL RELATIONS

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##### 2.3.1 PROVINCIAL INTERGOVERNMENTAL STRUCTURES

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The municipality is part of the Premier's Coordinating Forum and the Minister Mayor Technical Forum.

The municipality has been declared as a National war on Poverty area and Comprehensive Rural Development Site, which means that the Department Rural Development is focus on the three identified poor wards and a Provincial Steering Committee is being established with all other Provincial departments to support these programmes.

The Municipality attends the Provincial EPWP Forum meetings with the Department Transport and Public Works to strengthened job creation programmes and also attend the Provincial LED Forum meetings to strengthen LED Strategy implementation.

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##### 2.3.2 DISTRICT INTERGOVERNMENTAL STRUCTURES

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The following District structures assist with alignment of Strategic plans, budgets and support of shared services:

- Human Resource Management : District Skills Development Facilitator's Forum



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- Local Economic Development : District LED Manager Forum
- Communication and Public Participation: District Public Participation and Communication Forum
- Integrated Development Planning : District IDP Managers Forum
- Regional Development and Planning : LED Forum, Cape Winelands Development Council, Local Tourism Associations
- IGR : DCF, District Municipal Manager's Forum
- Project and Technical Support Services : District Technical Forum, Shared GIS Service
- Public Transport and Regulations : Boland Regional Taxi Council, Local Municipalities
- Human Settlements : District Steering Committee on Housing Consumer Education
- Rural Development : Rural Development Steering Committee, Cape Winelands Liaison Development Committee, Stakeholders Forum, 16 days of Activism, District Rural Sports Forum
- Community and Development : Disaster Management Advisory Forum

### COMPONENT C: PUBLIC ACCOUNTABILITY

MSA S15 (b): requires a municipality to establish and organize its administration to facilitate and a culture of accountability amongst its staff. S16 (i): states that a municipality must develop a system of municipal governance that compliments formal representative governance with a system of participatory governance. S18 (i) (d): requires a municipality to supply its community with information concerning municipal governance, management and development.

A Municipal Public Accounts Committee has been established. The internal audit function has previously been outsourced and two qualified auditors have been appointed permanently. The capacity of the Performance, Risk & Audit Committee has been increased with the appointment of qualified and specialized members. A representative of the Business Sector is also invited to attend Mayoral Committee meetings.

Such participation is required in terms of:

- the preparation, implementation and review of the IDP;
- establishment, implementation and review of the performance management system;
- monitoring and review of the performance, including the outcomes and impact of such performance; and
- preparation of the municipal budget.

#### 2.4 PUBLIC MEETINGS

Apart from bi-annual community meetings held in each town, the municipality also communicates through monthly newsletters, loud-hailing and distribution of pamphlets, sms and a local radio station.

| Nature and purpose of meeting | Date of events | Number of Participating Municipal Councillors | Number of Participating Municipal Administrators | Number of Community members attending | Dates and manner of feedback given to community |
|-------------------------------|----------------|---|--|---------------------------------------|---|
|-------------------------------|----------------|---|--|---------------------------------------|---|





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| Nature and purpose of meeting      | Date of events  | Number of Participating Municipal Councillors | Number of Participating Municipal Administrators | Number of Community members attending | Dates and manner of feedback given to community          |
|------------------------------------|-----------------|---|--|---------------------------------------|--|
| <b>IDP /Budget Public meetings</b> |                 |   |  |                                       |  |
| Ward 3 & 5                         | 18 October 2012 | 6   | 20   | 5                                     | Public Meeting<br>8 April 2013                           |
| Ward 1 & 12                        | 9 October 2012  | 6   | 16   | 186                                   | Public Meeting<br>15 April 2013                          |
| Ward 11 & 7                        | 10 October 2012 | 4   | 15   | 108                                   | Public Meeting<br>9 April 2013                           |
| Ward 8 & 9                         | 11 October 2012 | 4   | 13   | 72                                    | Public Meeting<br>16 April 2013                          |
| Ward 4 & 10                        | 15 October 2012 | 6   | 20   | 53                                    | Public Meeting<br>11 April 2013                          |
| Ward 2 & 7                         | 16 October 2012 | 4   | 14   | 51                                    | Public Meeting<br>17 April 2013                          |
| Ward Committees                    | 17 October 2012 | 6   | 9  | 92                                    | Meeting<br>18 April 2013                                 |
| Business                           | 17 October 2012 | 2   | 4  | 16                                    | Meeting<br>16 April 2013                                 |
| Ward 4 & 6                         | 18 October 2012 | 7   | 20   | 52                                    | Public Meeting<br>10 April 2013                          |
| <b>IDP /Budget Public meetings</b> |                 |   |  |                                       |  |
| Ward 3 & 5                         | 8 April 2013    | 6   | 16   | 7                                     | Adoption & publication of<br>2013/14 Review IDP & Budget |
| Ward 7 & 11                        | 9 April 2013    | 6   | 11   | 161                                   | Adoption & publication of<br>2013/14 Review IDP & Budget |
| Ward 4 & 6                         | 10 April 2013   | 5   | 14   | 45                                    | Adoption & publication of<br>2013/14 Review IDP & Budget |
| Ward 4 & 10                        | 11 April 2013   | 3   | 14   | 198                                   | Adoption & publication of<br>2013/14 Review IDP & Budget |
| Ward 1 & 12                        | 15 April 2013   | 10  | 13   | 78                                    | Adoption & publication of<br>2013/14 Review IDP & Budget |
| Ward 8 & 9                         | 16 April 2013   | 6   | 10   | 82                                    | Adoption & publication of<br>2013/14 Review IDP & Budget |
| Business                           | 16 April 2013   | 6   | 8  | 17                                    | Adoption &   |



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| Nature and purpose of meeting | Date of events | Number of Participating Municipal Councillors | Number of Participating Municipal Administrators | Number of Community members attending | Dates and manner of feedback given to community       |
|-------------------------------|----------------|---|--|---------------------------------------|---|
|                               |                |   |  |                                       | publication of 2013/14 Review IDP & Budget            |
| Ward 2 & 7                    | 17 April 2013  | 4   | 10   | 24                                    | Adoption & publication of 2013/14 Review IDP & Budget |
| Ward Committees               | 18 April 2013  | 6   | 5  | 72                                    | Adoption & publication of 2013/14 Review IDP & Budget |

*Table 34: Public Meetings*

### 2.4.1 REPRESENTATIVE FORUMS

#### a) Labour Forums

The table below specifies the members of the Labour forum for the 2012/13 financial year:

| Name of representative | Capacity                      | Meeting dates  |
|------------------------|-------------------------------|--|
| H Smit                 | Chairperson                   | <p>26 Julie 2012<br/>SAMWU Shopstewards attend a RSSC Meeting</p> <p>22 August 2012</p> <p>29 November 2012</p> <p>6 February 2013</p> <p>27 March 2013</p> <p>23 April 2013</p> <p>22 May 2013</p> <p>Councillors attending conferences in Durban and Johannesburg</p> <p>12 June 2013</p> <p>Agreement was signed by all parties</p> |
| B Klaasen              | Mayco Member                  |  |
| WJ Hanekom             | Mayco Member                  |  |
| K Adams                | Deputy Mayor                  |  |
| D Nasson               | Municipal Manager             |  |
| Mr. R Esau             | Director Finance              |  |
| MD Jacobs              | Director Community Services   |  |
| M Mpeluza              | Director Corporate Services   |  |
| J Barnard              | Director Technical Services   |  |
| HJ Kritzinger          | Deputy Director: Finance      |  |
| I Swartbooi            | Manager Human Resources       |  |
| GP Bezuidenhout        | Manager Administration        |  |
| H Philander            | Human Resources Officer       |  |
| C Wessels              | Senior Administration Officer |  |
| C Titus                | Committee Clerk               |  |
| A Christians           | IMATU                         |  |
| J Noble                | IMATU                         |  |
| B Minnaar              | IMATU                         |  |
| L Koopman              | IMATU                         |  |



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| Name of representative | Capacity | Meeting dates |
|------------------------|----------|---------------|
| M Pieterse             | IMATU    |               |
| K Ntanjana             | SAMWU    |               |
| C Appolis              | SAMWU    |               |
| L Silver               | SAMWU    |               |
| J Goedeman             | SAMWU    |               |
| A Pedro                | SAMWU    |               |
| A Morkel               | SAMWU    |               |

Table 35: Labour Forum

### b) IDP Forum

IDP and Budget Representative Forums haven't been established during this period, due to investigating the possibility that our established IGR Forum can serve a dual role.

## 2.4.2 WARD COMMITTEES

The purpose of a ward committee is:

- to get better participation from the community to inform council decisions;
- to make sure that there is more effective communication between the council and the community; and
- to assist the ward councillor with consultation and report-backs to the community.

Ward committees should be elected by the community they serve. A ward committee may not have more than 10 members and women should be well represented. The ward councillor serves on the ward committee and act as the chairperson. Although ward committees have no formal powers, they advise the ward councillor who makes specific submissions directly to the council. These committees play a very important role in the development and annual revision of the integrated development plan of the area.

The ward committees support the Ward Councillor who receives reports on development, participate in development planning processes, and facilitate wider community participation. To this end, the municipality constantly strives to ensure that all ward committees function optimally with community information provision; convening of meetings; ward planning; service delivery; IDP formulation and performance feedback to communities.

### a) Ward 1: N'duli (Polo Cross Hall)

| Name of representative | Capacity representing | Number meetings held during the year         |
|------------------------|-----------------------|--|
| Mzimkhulu Baruza       | Sport & Culture       | 1 July 2012 till 30 June 2013<br>12 Meetings |
| Jacqueline Jamjam      | Health & Social       |  |
| Nomfuduko Hlazo        | Safety                |  |
| Kholiwe Lithunya       | Youth                 |  |



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| Name of representative | Capacity representing | Number meetings held during the year |
|------------------------|-----------------------|--------------------------------------|
| Xolile Swangaza        | Education             |                                      |
| Zanemvula Dingilizwe   | Business Community    |                                      |
| Tozi Sifile            | Women                 |                                      |
| Alfred Mpondwana       | Churches              |                                      |
| Justice Dlephu         | Civics & Taxes        |                                      |
| Nonzame Patsoane       | Disabled& Elderly     |                                      |

**Table 36: Ward 1 Committee Meetings**

### b) Ward 2: Wolseley (Montana Library)

| Name of representative | Capacity representing | Number meetings held during the year         |
|------------------------|-----------------------|--|
| Saney De Bruin         | Safety                | 1 July 2012 till 30 June 2013<br>14 Meetings |
| Frederik Booysen       | Education             |  |
| Engela Afrika          | Health & Social       |  |
| Linda Norman           | Disability & Eldery   |  |
| Hester v/d Merwe       | Civics & Taxes        |  |
| Ria Pienaar            | Women                 |  |
| Marchelle Nutt         | Business Community    |  |
| Alicia Geduld          | Youth                 |  |
| Elizabeth van Rooyen   | Sport & Culture       |  |
| Brian Albertus         | Churches              |  |

**Table 37: Ward 2 Committee Meetings**

### c) Ward 3: Ceres (Rietvallei Library)

| Name of representative | Capacity representing | Number meetings held during the year         |
|------------------------|-----------------------|--|
| Amanda Whitebooi       | Business Community    | 1 July 2012 till 30 June 2013<br>14 Meetings |
| Lilly Denation         | Health & Social       |  |
| Marinda Mankapan       | Women                 |  |
| Margaret Damon         | Churches              |  |
| Pieter Geldenhuys      | Safety                |  |
| Willem Fortuin         | Youth                 |  |
| Glen Davids            | Disabled & Elderly    |  |
| Andrew Vergotine       | Sport & Culture       |  |
| Warren Hector          | Education             |  |

**Table 38: Ward 3 Committee Meetings**

### d) Ward 4: Prince Alfred's Hamlet (Kliprug Community Hall)



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| Name of representative | Capacity representing | Number meetings held during the year         |
|------------------------|-----------------------|--|
| Alma Goosen            | Business Community    | 1 July 2012 till 30 June 2013<br>14 Meetings |
| Willem Abrahams        | Civics & Taxes        |  |
| Dina Snyder            | Youth                 |  |
| Kristina Sanders       | Women                 |  |
| Le-Marco Smith         | Safety                |  |
| Jane Haas              | Churches              |  |
| Gerrit Fredericks      | Sport & Culture       |  |
| Herry Engelbrecht      | Health & Social       |  |
| Sandralis Pienaar      | Disabled & Elderly    |  |

*Table 39: Ward 4 Committee Meetings*

### e) Ward 5: Ceres (John Steyn Library)

| Name of representative | Capacity representing | Number meetings held during the year         |
|------------------------|-----------------------|--|
| Terry Webb             | Health & Social       | 1 July 2012 till 30 June 2013<br>11 Meetings |
| Anne Swarts            | Disabled & Elderly    |  |
| Alistair Nasson        | Youth                 |  |
| Marius Koopman         | Civics & Taxes        |  |
| Rudolf Nel             | Sport & Culture       |  |
| Andries Slinger        | Churches              |  |
| Alicia Pieterse        | Women                 |  |
| Dave May               | Safety                |  |
| Ronnie Philander       | Education             |  |

*Table 40: Ward 5 Committee Meetings*

### f) Ward 6: Bella Vista (Bella Vista Library)

| Name of representative | Capacity representing | Number meetings held during the year         |
|------------------------|-----------------------|--|
| Jacobus Finnies        | Youth                 | 1 July 2012 till 30 June 2013<br>14 Meetings |
| Isaac Jacobs           | Churches              |  |
| Melanie Bê             | Disabled & Elderly    |  |
| Sara Krotz             | Sport & Culture       |  |
| Chantel De Bruin       | Health & Social       |  |
| Petrus Baadtjies       | Safety                |  |
| Johannes Tieties       | Business & Community  |  |
| Sylvia Minnar          | Women                 |  |
| Theo Le Cordeur        | Education             |  |
| Elsabê Julies          | Civics & Taxes        |  |



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**Table 41: Ward 6 Committee Meetings**

### g) Ward 7: Wolseley (Montana Library)

| Name of representative | Capacity representing | Number meetings held during the year         |
|------------------------|-----------------------|--|
| Willem Kamfer          | Churches              | 1 July 2012 till 30 June 2013<br>15 Meetings |
| Herald Gympies         | Business Community    |  |
| Edward Mackriel        | Youth                 |  |
| Mario Harris           | Safety                |  |
| Gerald Engel           | Sport & Culture       |  |
| Myrtle McLune          | Health & Social       |  |
| Doreen Lottering       | Women                 |  |
| Lanbertus Johnson      | Civics & Taxes        |  |
| Kain Hudson            | Disable & Elderly     |  |
| Lerato Moshoeshoe      | Education             |  |

**Table 42: Ward 7 Committee Meetings**

### h) Ward 8: Op -Die-Berg (Op-Die-Berg Aksent Office)

| Name of representative | Capacity representing | Number meetings held during the year         |
|------------------------|-----------------------|--|
| Wilhemina Ruiters      | Disable & Elderly     | 1 July 2012 till 30 June 2013<br>11 Meetings |
| Philda Bosman          | Sport & Culture       |  |
| Absalom Snyders        | Business Community    |  |
| Maria Pretorius        | Women                 |  |
| Miriam Titus           | Youth                 |  |
| Hildagard Ramsesane    | Churches              |  |
| Lena Pieterse          | Safety                |  |

**Table 43: Ward 8 Committee Meetings**

### i) Ward 9: Op-Die-Berg

| Name of representative | Capacity representing | Number meetings held during the year         |
|------------------------|-----------------------|--|
| Petrus Esau            | Churches              | 1 July 2012 till 30 June 2013<br>12 Meetings |
| Johannes Mars          | Health & Social       |  |
| Willem Koopman         | Disabled & Elderly    |  |
| Mgrieta Baartman       | Women                 |  |
| Carol De Klerk         | Education             |  |
| Andries Paulse         | Civics & Taxes        |  |
| Johannes Fransman      | Safety                |  |



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| Name of representative | Capacity representing | Number meetings held during the year |
|------------------------|-----------------------|--------------------------------------|
| Uolandy Kalmeyer       | Youth                 |                                      |
| Jafhta Galant          | Business Community    |                                      |
| Ayanda Jack            | Sport & Culture       |                                      |

**Table 44: Ward 9 Committee Meetings**

### j) Ward 10: PA Hamlet (Council Chamber)

| Name of representative | Capacity representing | Number meetings held during the year        |
|------------------------|-----------------------|---|
| Karel Mars             | Youth                 | 1 July 2012 till 30 June 2013<br>8 Meetings |
| Sophia De Bruin        | Women                 |   |
| Ilize Stuurman         | Health & Social       |   |
| Karliën Rode           | Civics & Taxes        |   |
| Moses Davids           | Education             |   |
| Jacob Waterboer        | Sport & Culture       |   |
| Sophia Ismael          | Business Community    |   |
| Hermanus Hardneck      | Churches              |   |
| Leonard Baartman       | Safety                |   |
| Carine Hardneck        | Disable & Elderly     |   |

**Table 45: Committee Meetings**

### k) Ward 11: Tulbagh (Council Chamber)

| Name of representative | Capacity representing | Number meetings held during the year         |
|------------------------|-----------------------|--|
| Johanes Smit           | Education             | 1 July 2012 till 30 June 2013<br>15 Meetings |
| Mina Bugan             | Sport & Culture       |  |
| Michal Hunter          | Sport & Culture       |  |
| Amos Faro              | Churches              |  |
| Florence Adam          | Women                 |  |
| Piet Klink             | Disabled & Elderly    |  |
| Ann Mybergh            | Civics & Taxes        |  |
| Florencia Adams        | Youth                 |  |
| Theo Lombard           | Business Community    |  |
| Billy Du Toit          | Safety                |  |

**Table 46: Ward 11 Committee Meetings**

### l) Ward 12: N'duli (Community Hall)



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| Name of representative | Capacity representing | Number meetings held during the year         |
|------------------------|-----------------------|--|
| Tommy Mona             | Education             | 1 July 2012 till 30 June 2013<br>10 Meetings |
| Ntombizanele Baruza    | Disabled & Elderly    |  |
| Wise Magalakanqa       | Churches              |  |
| Thandiswa Mdange       | Health & Social       |  |
| Victor Sifile          | Business Community    |  |
| Phumzile Ngwevela      | Safety                |  |
| Humphrey Ndwanya       | Sport & Culture       |  |
| Violet Baleni          | Women                 |  |
| Nomboniso Gambushe     | Civics & Taxes        |  |
| Ndyabo Gili            | Youth                 |  |

*Table 47: Ward 12 Committee Meetings*

### 2.4.3 FUNCTIONALITY OF WARD COMMITTEE

Ward Committee members are paid a monthly stipend, and transport is provided, where necessary, to ward committee members to attend Ward Committee meetings and functions where public participation, through the Ward Committee system is required.

Venues have been established for the Ward meetings, and support personnel, through the Community Liaison Officers and Community Development Workers have been put at their disposal. Food and beverages are provided at the ward committee meetings.

The table below provides information on the establishment of Ward Committees and their functionality:

| Ward Number | Committee established:<br>Yes / No | Number of reports submitted to the<br>Speakers/IDP Office | Number meetings held during the year | Committee functioning effectively:<br>Yes / No | Actions to address |
|-------------|------------------------------------|---|--------------------------------------|--|--------------------|
| 1           | Yes                                | 0   | 12                                   | Yes  | n/a                |
| 2           | Yes                                | 0   | 14                                   | Yes  |                    |
| 3           | Yes                                | 0   | 14                                   | Yes  |                    |
| 4           | Yes                                | 0   | 14                                   | Yes  |                    |
| 5           | Yes                                | 0   | 11                                   | Yes  |                    |
| 6           | Yes                                | 0   | 14                                   | Yes  |                    |
| 7           | Yes                                | 0   | 15                                   | Yes  |                    |
| 8           | Yes                                | 0   | 11                                   | Yes  |                    |
| 9           | Yes                                | 0   | 12                                   | Yes  |                    |
| 10          | Yes                                | 0   | 8                                    | Yes  |                    |
| 11          | Yes                                | 0   | 15                                   | Yes  |                    |





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| Ward Number | Committee established:<br>Yes / No | Number of reports submitted to the Speakers/IDP Office | Number meetings held during the year | Committee functioning effectively:<br>Yes / No | Actions to address |
|-------------|------------------------------------|--|--------------------------------------|--|--------------------|
| 12          | Yes                                | 0  | 10                                   | Yes  |                    |

Table 48: Functioning of Ward Committees

## COMPONENT D: CORPORATE GOVERNANCE

Corporate governance is the set of processes, practices, policies, laws and stakeholders affecting the way an institution is directed, administered or controlled. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the institution is governed.

### 2.5 RISK MANAGEMENT

Section 62(1)(c)(i) of the MFMA states that: “... *The accounting officer of the municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.*”

Witzenberg Municipality is committed to the optimal management of risk in order to protect our core public service values, achieve our vision, objectives and deliver on our core business.

In the course of conducting our day-to-day business operations, we are exposed to a variety of risks. These risks include operational and other risks that are material and require comprehensive controls and on-going oversight.

To ensure business success we have adopted an enterprise-wide integrated approach to the management of risks. By embedding the risk management process into key business processes such as planning, operations and new projects, we will be better equipped to identify events affecting our objectives and to manage risks in ways that are consistent with the approved risk appetite.

The top 10 inherent strategic risks of Witzenberg municipality are:

- 1) Un- recoverability of outstanding receivables
- 2) Major unplanned interruptions to deliver basic services
- 3) Poor growth in revenue base
- 4) Uneconomical utilization of assets for LED
- 5) Deteriorating road infrastructure
- 6) Inability to minimise recyclable waste
- 7) Growth in informal settlements
- 8) Inability to deal with disaster, business continuity and fire hazards
- 9) Deteriorating water pipe infrastructure
- 10) Community dissatisfaction with slow progress towards service delivery



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### 2.6 ANTI-CORRUPTION AND ANTI-FRAUD

Section 83(c) of the MSA refers to the implementation of effective bidding structures to minimize the possibility of fraud and corruption and the Municipal Finance Management Act (MFMA), section 112(1) (m)(i) identify supply chain measures to be enforced to combat fraud and corruption, favouritism and unfair and irregular practices. Section 115(1) of the MFMA states that the accounting officer must take steps to ensure mechanisms and separation of duties in a supply chain management system to minimize the likelihood of corruption and fraud.

#### 2.6.1 DEVELOPED STRATEGIES

| Name of strategy   | Developed<br>Yes/No | Date Adopted/Reviewed |
|--|---------------------|-----------------------|
| Fraud prevention strategy /plan adopted as a policy of Council | Yes                 | 28 May 2009           |

Table 49: Strategies

#### 2.6.2 IMPLEMENTATION OF STRATEGIES

| Strategies to implement  | Key Risk Areas  | Key measures to curb corruption and fraud  |
|--|---|--|
| Fraud Prevention Policy  | Supply chain management   | Roll out of Anti-Fraud and Corruption Policy to internal stakeholders through presentations                          |
| Ethics Awareness Programme   | Possible loss of income at traffic due to inactive follow up on traffic violations  | Roll out of Anti-Fraud and Corruption Policy to external stakeholders through outreach programmes                    |
| Outreach Programme on Fighting Fraud and Corruption  | Lack of awareness of fraud amongst staff  | Investigation of fraud and corruption cases  |
| Whistle-Blowing Policy   | Possible misuse of policy to disclose sensitive information   | Monitoring recommendations with regards to disciplinary, criminal and recovery actions. Effective delegation systems |
| Establish an Witzenberg municipal Fraud line which is operated by an external provider   | Ensure that allegation of fraud and corruption are investigated in order to eliminate fraud and corruption                            | Prevention and detection of fraud at a more rapid pace   |
| To ensure that all employees and councillors in service of the Witzenberg Municipality has declared all interest/ownership/Directorship. | Avoid doing business with employees in service of the municipality, who does not declare that they are in service of the municipality | To use Trans union in order to identify all employees have interest/ownership/Directorship in companies.             |
| Regular update of the fraud risk register  | Detection and prevention of fraud in the municipality   | Monitoring key controls to alleviate fraud and corruption  |

Table 50: Implementation of the Strategies

### 2.7 AUDIT, RISK AND PERFORMANCE COMMITTEE

Section 166(2) of the MFMA states that an audit committee is an independent advisory body which must –



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(a) advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, on matters relating to –

- internal financial control;
- risk management;
- performance management; and
- effective governance.

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### 2.7.1 FUNCTIONS OF THE PERFORMANCE, RISK & AUDIT COMMITTEE

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Council adopted its Performance Risk and Audit Committee charter on 20 April 2011 and approved the appointment of additional members.

In order to fulfill its role, the Committee will have the following objectives in terms of section 166 (2) (a) (I to IX) of the Municipal Finance Management Act of 2003:

Advise the Municipal Council, the political office-bearers, the accounting officer and the management staff of the municipality, on matters relating to:

- Internal financial control and internal audits;
- Risk management;
- Accounting policies;
- The adequacy, reliability and accuracy of financial reporting and information;
- Performance management;
- Effective governance;
- Compliance with the MFMA, Division of Revenue Act (DoRA) and any other applicable legislation;
- Performance evaluation; and
- Any other issues referred to it by the municipality.

Section 14 (2)(c) of the Local Government Municipal Planning and Performance Management Regulations (R796 dated 24 August 2001) states that a municipality may utilize any Audit Committee established in terms of other applicable legislation as the Performance Audit Committee of the said municipality.

In terms of the legislation mentioned above, the Performance Management System is audited and that an Audit Committee is appointed to fulfill the following objectives:

- To advise Council on the functionality of the performance management system;
- To advise Council whether the PMS complies with the Act;
- To advise Council on the extent to which the municipality's performance measures are reliable in measuring performance;
- To advise Council on the effectiveness of the financial administrative system in terms of systems auditing as well as making recommendations with regard to perceived shortcomings;



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- To ensure effective functioning of the Internal Audit unit as required by the office of the Auditor General; and
- To advice Council on the standard of service pertaining to internal audit function.

In terms of the National Treasury Framework the objective of the Risk Management Committee is to:

- Assist the Accounting Authority / Officer in addressing its oversight requirements of risk management and evaluating and monitoring the institution's performance with regards to risk management.
- The role of the Risk Management Committee is to formulate, promote and review the institution's ERM objectives, strategy and policy and monitor the process at strategic, management and operational levels.

### 2.7.2 MEMBERS OF THE PERFORMANCE, RISK & AUDIT COMMITTEE

| Name of representative | Capacity                  | Meeting dates  |
|------------------------|---------------------------|--|
| Mr SA Redelinghuys     | Chairperson               | 20 July 2012<br>30 August 2012<br>23 November 2012<br>15 March 2013<br>22 April 2013 |
| Mr J George            | Member                    |  |
| Mr A Amod              | Member                    |  |
| Ms T Bavuma            | Member (Till 29 May 2013) |  |
| Mr B Afrika            | Member                    |  |
| Ms. B. Daries          | Member                    |  |

*Table 51: Members of the Audit Committee*

### 2.7.3 PERFORMANCE, RISK & AUDIT COMMITTEE RECOMMENDATIONS

| Date of Committee | Committee recommendations during 2012/13   | Recommendations adopted (enter Yes) If not adopted (provide explanation)       |
|-------------------|--|--|
| 23 November 2012  | 1. a. That Senior Management will make a presentation at the next meeting regarding the proposed improvements regarding the performance management system and that<br>b. That specific target dates be determined  | Yes  |
|                   | 2. a. That the Head: Internal Audit adds in all future Risk Management Reports his recommendations to the report.<br>b. That the Head: Internal Audit adds to all future Risk Management Reports the comments of Senior Management on his recommendations in the report supra (3). | Yes  |
|                   | 3. That Senior Management evaluates the current cost of debt versus the possibility of replacing the current debt with a new debt at a lower cost, specifically around the DBSA loan and to use it to negotiate with the existing providers.                                       | No.<br>Matter negotiated with DBSA.<br>Early termination fee cost uneconomical |
|                   | 4. That the Performance, Risk and Audit Committee be more involved in the processes and budget of the external auditors in order to inter alia evaluate the fees.  | Yes  |
|                   | 5. That the Head: Internal Audit compiles and tables an annual plan  | Yes  |



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| Date of Committee | Committee recommendations during 2012/13   | Recommendations adopted (enter Yes) If not adopted (provide explanation) |
|-------------------|--|--|
|                   | based on budgeted hours in order to determine capacity constraints for the Internal Auditors   |  |
| 22 April 2013     | 1.<br>a. That Council considers the implementation of water devices in order to limit water losses and to maintain municipal finance sustainability.<br>b. That the Municipal Manager writes a letter to the Department of Water Affairs and informs them regarding the matter (i) supra.<br>c. That the Municipal Manager informs Council regarding the status quo of debt collection and control |  |
|                   | 2. That the Acting Director: Finance will investigate and report on the same amount for payments in the Cash Book for January and February 2013  | Yes. Matter tabled to Council 29 May 2013                                |
|                   | 3.<br>a. That the Head: Internal Audit removes the internal operational matters in the Internal Audit Charter and revises it accordingly.<br>b. To recommend to Council that the Revised Internal Audit Charter, as amended, be adopted.   | Yes  |
|                   | 4. To recommend to Council:<br>a. That Ms T Bavuma is removed from office as a member of the Performance, Risk and Audit Committee.<br>b. That the remaining five Performance, Risk and Audit Committee members continue the term without replacing Ms Bavuma.   | Yes.<br>Matter dealt with at Council Meeting 29 May 2013                 |

**Table 52: Municipal Audit Committee Recommendations**

### 2.8 INTERNAL AUDITING

Section 165 (2) (a), (b) and (c) of the MFMA requires that:

The internal audit unit of a municipality must –

- (a) prepare a risk based audit plan and an internal audit program for each financial year; and
- (b) advise the accounting officer and report to the audit committee on the implementation on the internal audit plan and matters relating to:
  - (i) Internal audit;
  - (ii) internal controls;
  - (iii) accounting procedures and practices;
  - (iv) risk and risk management;
  - (v) performance management;
  - (vi) loss control; and
  - (vii) compliance with this Act, the annual Division of Revenue Act and any other applicable legislation; and



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- (c) perform such other duties as may be assigned to it by the accounting officer.
- (d) The internal audit function has been outsourced to Ernst & Young till 30 June 2012. Management is in the process of capacitating the in-house Internal Audit Unit.

### Risk register and three-year strategic plan

An annual risk assessment was performed during April/May 2012 and all relevant risks were populated into the Witzenberg risk register. Updates were performed on a continuous basis. This risk assessment forms the basis of the 2012/13 to 2014/2015 Risk Based Audit Plan.

The results of the 3-year strategic internal audit plan are included below:

| Audit Activity  | 2012/13 | 2013/14 | 2014/15 |
|---|---------|---------|---------|
| <b>Risk based audits</b>  |         |         |         |
| Income & Debtors  | ✓       |         |         |
| Supply Chain Management   |         | ✓       |         |
| Human Resources ( Including Leave and Training)                 | ✓*      | ✓       |         |
| Asset Management  | ✓*      | ✓       |         |
| Treasury: Investments   | ✓       |         |         |
| Inventory   | ✓       |         |         |
| Maintenance Management  | ✓       |         |         |
| Project & Contract Management                                   |         |         | ✓       |
| Indigent Management   |         | ✓       |         |
| Town Planning and Building Control                              | ✓       |         |         |
| Secretariat   | ✓*      |         |         |
| IT – General controls   |         | ✓       |         |
| Cash handling   |         | ✓       |         |
| Fleet Management  |         | ✓       |         |
| Traffic Services  |         | ✓       |         |
| Disaster management & business continuity                       |         |         | ✓       |
| Overtime  |         |         | ✓       |
| Debt Collection & Credit control                                |         |         | ✓       |
| Time and Attendance   | ✓       |         |         |
| <i>*Moved forward to implement new standards and strategics</i> |         |         |         |

**Table 53: Three year strategic internal audit plan**

### Annual Audit Plan

The Audit Plan for 2012/13 was implemented and 50% of the audits were completed. The table below provides detail on audits completed:



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| Audit Activity  | Estimated hours | Quarter | Status           |
|---|-----------------|---------|------------------|
| <b>Statutory Audits</b>                                       |                 |         |                  |
| MFMA compliance (Including other relevant Acts)               | 200             | 2       | Completed        |
| DORA compliance   | 60              | 4       | Completed        |
| Performance Management System (quarterly)                     | 200             | All     | Completed        |
| Performance Management  | 80              | Monthly | Completed        |
| <b>Risk based audits</b>                                      |                 |         |                  |
| Income & Debtors (Application to Cash)                        | 300             | 1       | Move forward     |
| Inventory   | 200             | 2       | Move forward     |
| Maintenance Management  | 120             | 3       | Move forward     |
| Town Planning and Building Control                            | 200             | 4       | Move forward     |
| <b>Operation clean audit: :Internal Controls:</b>             |                 |         |                  |
| Revenue, Expenditure, Payroll, assets end Financial reporting | 360             | 2-4     | Work in progress |
| <b>Follow up audits</b>                                       |                 |         |                  |
| Continuous follow up of Internal Audit findings               | 288             | Monthly | Completed        |
| Operational clean audit report follow ups                     | 100             | Monthly | Completed        |
| <b>AD-Hoc audits</b>  |                 |         |                  |
| Property rental agreements                                    | 200             | 2       | Move forward     |
| Provision of other assignments                                | 300             | All     | n/a              |

*Table 54: Annual risk based audit plan*

## 2.9 SUPPLY CHAIN MANAGEMENT

### 2.9.1 COMPETITIVE BIDS IN EXCESS OF R200 000

#### a) Bid Committee Meetings

The following table details the number of Bid Committee meetings held for the 2012/2013 financial year:

| Bid Specification Committee | Bid Evaluation Committee | Bid Adjudication Committee |
|-----------------------------|--------------------------|----------------------------|
| 23                          | 25                       | 27                         |

*Table 55: Bid Committee Meetings*

Attendance of members of the Bid Specification Committee, are as follows:

| Member  | Percentage attendance |
|---|-----------------------|
| Manager Income/ Deputy Director Finance (Chairperson) | 100                   |
| Manager Supply Chain                                  | 100                   |
| Relevant technical expert responsible for a function  | 100                   |



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**Table 56: Attendance of members of Bid Specification Committee**

Attendance of members of the Bid Evaluation Committee, are as follows:

| Member  | Percentage attendance |
|---|-----------------------|
| Manager Income/ Deputy Director Finance (Chairperson) | 100                   |
| Manager Supply Chain                                  | 100                   |
| Relevant technical expert responsible for a function  | 100                   |

**Table 57: Attendance of members of Bid Evaluation Committee**

Attendance of members of the Bid Adjudication Committee, are as follows:

| Member                                    | Percentage attendance |
|---|-----------------------|
| Director Financial Services (Chairperson) | 100                   |
| Director Technical Services               | 92.59                 |
| Director Community Services               | 62.96                 |
| Director Corporate Services               | 81.48                 |
| Manager Supply Chain                      | 92.59                 |

**Table 58: Attendance of members of bid adjudication committee**

The percentages as indicated above include the attendance of those officials acting in the position of a bid committee member.

### b) Awards Made by the Bid Adjudication Committee

The Bid Adjudication Committee awarded 41 bids of an estimated value of R57 997 039.14.

The five highest bids awarded by the Bid Adjudication Committee, are as follows:

| Bid number | Title of bid   | Directorate and section                    | Successful Bidder                        | Value of bid awarded |
|------------|--|--|--|----------------------|
| 08/2/10/1  | Supply and delivery of electrical equipment and cables                                       | Technical Services: Electricity            | Various suppliers                        | R9 755 550.35        |
| 08/2/10/3  | Alterations to Wolseley and Op-die-Berg waste water treatment works: Civil and building work | Technical Services: Water and Sewerage     | Peter Starke Civils                      | R4 176 045.72        |
| 08/2/10/53 | Resealing of existing street in Witzenberg Municipal Area                                    | Technical Services: Streets and Stormwater | Zebra Surfacing                          | R2 682 439.04        |
| 08/2/10/4  | Supply, upgrade and replacement of sewer networks in the Witzenberg Area                     | Technical Services: Water and Sewerage     | Dennis Lendor Civils                     | R2 583 846.63        |
| 08/2/10/65 | Hard and soft landscaping in Nduli, Prince Alfred's Hamlet and Bella Vista                   | Community Services: Recreation             | Marina Landscaping and MEC Joint venture | R2 236 884.25        |

**Table 59: Five highest bids awarded by Bid Adjudication Committee**





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### c) Awards Made by the Accounting Officer

In terms of paragraph 5(2)(a) of Council's Supply Chain Management Policy, only the Accounting Officer may award a bid which is in excess of R5 million. The power to make such an award may not be sub-delegated by the Accounting Officer. The only bids awarded by the Accounting Officer, are as follows:

| Bid number | Title of bid   | Directorate and section                        | Value of bid awarded |
|------------|--|--|----------------------|
| 08/2/10/42 | Upgrading of roads and storm water infrastructure in Witzenberg                                      | Technical Services: Streets and Stormwater     | R10 245 474.69       |
| 08/2/9/63  | Construction of new berg pipeline and pump station   | Technical Services: Water and Sewerage         | R10 244 089.02       |
| 08/2/10/45 | Construction of a half an Olympic size swimming pool and all related works in Prince Alfred's Hamlet | Community Services: Resorts and Swimming pools | R5 525 909.67        |

Table 60: Awards made by Accounting Officer

### d) Appeals Lodged by Aggrieved Bidders

No appeals were lodged by aggrieved bidders on awards made in terms of section 62(1) of the Municipal Systems Act (Act 32 of 2000).

### e) Awards Made to Enterprises within the Witzenberg Municipal Area

The following tables details the value of competitive bids awarded to enterprises within the Witzenberg Municipal Area during the 2012/2013 financial year:

| Number of contracts awarded to enterprises within the Witzenberg Municipal Area | Percentage of contracts awarded to enterprises within the Witzenberg Municipal Area | Value of contracts awarded to enterprises within the Witzenberg Municipal Area | Percentage of contract value awarded to enterprises within the Witzenberg Municipal Area |
|---|---|--|--|
| 12  | 29.27%  | R12 137 914.18   | 14.45  |

Table 61: Awards to Enterprises within Witzenberg Municipal Area

## 2.9.2 FORMAL WRITTEN PRICE QUOTATIONS BETWEEN R30 000 AND R200 000

### a) Awards Made to Enterprises within the Witzenberg Municipal Area

A total of 44 formal written price quotations amounting to R4 527 510.62, were awarded.

The following table detail the value of formal written price quotations awarded to enterprises within the Witzenberg Municipal Area during the 2012/2013 financial year:



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| Number of contracts awarded to enterprises within the Witzenberg Municipal Area | Percentage of contracts awarded to enterprises within the Witzenberg Municipal Area | Value of contracts awarded to enterprises within the Witzenberg Municipal Area | Percentage of contract value awarded to enterprises within the Witzenberg Municipal Area |
|---|---|--|--|
| 4   | 9.09  | R543 455.40  | 12   |

*Table 62: Enterprises within Witzenberg Municipal Area quotation awards*

### 2.9.3 DEVIATION FROM NORMAL PROCUREMENT PROCESSES

Paragraph 36 of Council's Supply Chain Management Policy allows the Accounting Officer to dispense with the official procurement process. Deviations amounting to R7 260 481.36 were approved by the Accounting Officer. The following table provide a summary of deviations approved on an annual and monthly basis respectively:

| Type of deviation | Number of deviations | Value of deviations | Percentage of total deviations value |
|-------------------|----------------------|---------------------|--------------------------------------|
| Single supplier   | 241                  | R2 858 616.79       | 39.37                                |
| Impractical       | 269                  | R3 124 729.37       | 43.04                                |
| Emergency         | 130                  | R1 277 135.20       | 17.59                                |

*Table 63: Summary of deviations*

Deviations from the normal procurement processes have been monitored closely since the start of the previous financial year. Monthly reporting in terms of paragraph 36 of the SCM policy has been complied with. SCM has identified instances where the normal procurement processes can be followed to avoid having to follow the deviation process. These cases have been taken up with the relevant departments and satisfactory co-operation has been received.

### 2.9.4 LOGISTICS MANAGEMENT

The system of logistics management must ensure the following:

- the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;
- the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
- the placing of manual or electronic orders for all acquisitions other than those from petty cash;
- before payment is approved, certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;
- appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;



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- regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and
- monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

Each stock item at the municipal stores, Dromedaris Street are coded and are listed on the financial system. Monthly monitoring of patterns of issues and receipts are performed by the Storekeeper.

Inventory levels are set at the start of each financial year. These levels are set for normal operations. In the event that special projects are being launched by departments, such information is not communicated timely to the Stores section in order for them to gear them to order stock in excess of the normal levels.

Internal controls are in place to ensure that goods and service that are received are certified by the responsible person which is in line with the general conditions of contract.

Regular checking of the condition of stock is performed. Quarterly stock counts are performed at which surpluses, deficits, damaged and redundant stock items are identified and reported to Council.

As at 30 June 2013, the value of stock at the municipal stores amounted to R4 786 640.32 with a satisfactory stock turnover rate of **1.44**. For the 2012/2013 financial year a total of **R775.31** were accounted for as surpluses and **R1 791.27** as deficits. No stock was accounted for as damaged stock items.

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### 2.9.5 DISPOSAL MANAGEMENT

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The system of disposal management must ensure the following:

- Immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
- movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
- Firearms are not sold or donated to any person or institution within or outside the Republic unless approved by the National Conventional Arms Control Committee;
- Immovable property is let at market related rates except when the public e plight of the poor demands otherwise;
- All fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;
- Where assets are traded in for other assets, the highest possible trade-in price is negotiated; and
- In the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment.

We are complying with section 14 of the MFMA which deals with the disposal of capital assets. No disposal of assets took place during the 2012/2013 financial year.



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### 2.9.6 PERFORMANCE MANAGEMENT

The SCM policy requires that an internal monitoring system be established and implemented in order to determine, on the basis of retrospective analysis, whether the SCM processes were followed and whether the objectives of the SCM policy were achieved.

Monitoring of internal processes is an on-going process. Procedure manuals for various SCM processes have been developed approved and are being implemented. Monthly reporting of appeals received by aggrieved bidders is also done to measure the performance of the bid specification and bid evaluation committees.

The Accounting Officer has appointed the Internal Auditor as the independent observer to attend bid committee meetings. This further enhances transparency with regards to our bid committee system and compliance to all relevant legislation.

This company and their two directors are prohibited from doing business with any organ of state for a period of 10 years. We are only one of two municipalities who have listed companies that did not perform in terms of the bid conditions. No companies were listed as restricted suppliers during the 2012/13 financial year.

Further to this positive progress has been made with regards to the 2011/12 Auditor-General's audit findings.

### 2.10 BY-LAWS AND POLICIES

Section 11 of the MSA gives municipal Councils the executive and legislative authority to pass and implement by-laws and policies.

Below is a list of all the municipal by-laws:

| By-laws developed/revised                     | Date of Publication |
|---|---------------------|
| Rates   | 26 April 2013       |
| Public Nuisances and Keeping of Animals       | 26 April 2013       |
| Credit Control and Debt Collection            | 26 April 2013       |
| Refuse Removal                                | 26 April 2013       |
| Liquour Trading Days and Hours                | 26 April 2013       |
| Parks, Caravans and Mobile Homes              | 26 April 2013       |
| Standard Rules of Order                       | 26 April 2013       |
| Street Trading, Pedlars and Hawkers           | 26 April 2013       |
| Tariffs, Charges and Fees                     | 26 April 2013       |
| Water Supply, Sanitation, Industrial Effluent | 26 April 2013       |

*Table 64: By-laws*

Below is a list of all the policies developed and reviewed during the financial year:



## CHAPTER 2: GOVERNANCE

| Policies developed/ revised               | Date adopted | Public Participation Conducted Prior to adoption of policy (Yes/No) | Date of Publication              |
|---|--------------|---|----------------------------------|
| Tariff Policy                             | 29 May 2013  | Yes   | Council Agenda dated 22 May 2013 |
| Property Rates Policy                     | 29 May 2013  | Yes   | Council Agenda dated 22 May 2013 |
| Credit Control and Debt Collection Policy | 29 May 2013  | Yes   | Council Agenda dated 22 May 2013 |
| Consumer Payment Incentive Policy         | 29 May 2013  | Yes   | Council Agenda dated 22 May 2013 |
| Cash Management and Investment Policy     | 29 May 2013  | Yes   | Council Agenda dated 22 May 2013 |
| Municipal Supply Chain management Policy  | 29 May 2013  | Yes   | Council Agenda dated 22 May 2013 |
| Petty Cash Policy                         | 29 May 2013  | Yes   | Council Agenda dated 22 May 2013 |
| Budget Policy                             | 29 May 2013  | Yes   | Council Agenda dated 22 May 2013 |
| Budget Veriment Policy                    | 29 May 2013  | Yes   | Council Agenda dated 22 May 2013 |
| Asset Management Policy                   | 29 May 2013  | Yes   | Council Agenda dated 22 May 2013 |
| Funding and Reserves Policy               | 29 May 2013  | Yes   | Council Agenda dated 22 May 2013 |
| Cellular telephone and data card Policy   | 29 May 2013  | Yes   | Council Agenda dated 22          |

Table 65: Policies

### 2.11 WEBSITE

A municipal website should be an integral part of a municipality's communication infrastructure and strategy. It serves as a tool for community participation, improves stakeholder involvement and facilitates stakeholder monitoring and evaluation of municipal performance. Section 75 of the MFMA requires that the municipalities place key documents and information on their website, including the IDP, the annual budget, adjustments budgets and budget related documents and policies.

Below is a website checklist to indicate the compliance to Section 75 of the MFMA:

| Documents published on the Municipality's / Entity's Website   | Yes / No | Publishing Date |
|--|----------|-----------------|
| Current annual and adjustments budgets and all budget-related documents  | Yes      | 12 April 2012   |
| Budget implementation policy: Tariff policy  | Yes      | 12 April 2012   |
| Budget implementation policy: Credit control policy  | Yes      | 12 April 2012   |
| Budget implementation policy: Valuation policy   | Yes      | 12 April 2012   |
| Budget implementation policy: SCM policy   | Yes      | 12 April 2012   |
| The annual report for 2011/12  | Yes      | 3 April 2012    |
| All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act for 2012/13 and resulting scorecards | Yes      | 31 July 2012    |
| All service delivery agreements for 2012/13  | Yes      | 31 July 2012    |



## CHAPTER 2: GOVERNANCE

| Documents published on the Municipality's / Entity's Website   | Yes / No       | Publishing Date                      |
|--|----------------|--------------------------------------|
| All long-term borrowing contracts for 2012/13  | Yes            | 5 August 2012                        |
| All supply chain management contracts above a prescribed value (give value) for 2012/13  | Yes            | All tender results loaded as awarded |
| An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during 2012/13 | Yes            | 10 September 2012                    |
| Contracts agreed in Year 1 to which subsection (1) of section 33 apply, subject to subsection (3) of that section  | Not Applicable | Not Applicable                       |
| Public-private partnership agreements referred to in section 120 made in 2012/13   | Not Applicable | Not Applicable                       |
| All quarterly reports tabled in the council in terms of section 52 (d) during 2012/13  | Yes            | 22 February 2013                     |

**Table 66: Website Checklist**

### 2.12 COMMUNICATION

Local government has a legal obligation and a political responsibility to ensure regular and effective communication with the community. The Constitution of the Republic of South Africa Act 1996 and other statutory enactments all impose an obligation on local government communicators and require high levels of transparency, accountability, openness, participatory democracy and direct communication with the communities to improve the lives of all.

Good customer care is clearly of fundamental importance to any organisation, and analysis here shows that local residents view the municipality's people relations in a negative light. A successful communication strategy therefore links the people to the municipality's programme for the year.

Below is a communication checklist of the compliance to the communication requirements:

| Communication activities                   | Yes/No               |
|--|----------------------|
| Communication unit                         | Yes                  |
| Communication strategy                     | Yes                  |
| Communication Policy                       | Part of the Strategy |
| Customer satisfaction surveys              | No                   |
| Functional complaint management systems    | Yes                  |
| Newsletters distributed at least quarterly | Yes                  |

**Table 67: Communication Activities**



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# *Chapter 3*



*Service Delivery Performance*

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### CHAPTER 3: SERVICE DELIVERY PERFORMANCE

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#### 3.1 OVERVIEW OF PERFORMANCE WITHIN THE ORGANISATION

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##### 3.1.1 INTRODUCTION

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Performance management is prescribed by chapter 6 of the Municipal Systems Act, Act 32 of 2000 and the Municipal Planning and Performance Management Regulations, 2001. Section 7(1) of the aforementioned regulation states that “A Municipality’s Performance Management System entails a framework that describes and represents how the municipality’s cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the responsibilities of the different role players.” This framework, *inter alia*, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance. The municipality adopted a performance management **policy framework** that was approved by Council on **26 November 2009**.

After conclusion of the 2011/12 audit, we re-visited our SDBIP and an amended Top Layer SDBIP was approved by the Mayor on the 25<sup>th</sup> of March 2013. The following were considered in the development of the amended Top Layer SDBIP:

- Alignment with the IDP, National KPA’s, Municipal KPA’s and IDP objectives
- Alignment with the budget
- Oversight Committee Report on the Annual Report of 2011/12
- The risks identified by the Internal Auditor during the municipal risk analysis
- Areas to be addressed and root causes of the Auditor-General management letter, as well as the risks identified during the audit
- Local Government Turnaround Strategy

##### 3.1.2 ORGANISATIONAL PERFORMANCE

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The organisational performance is monitored and evaluated via the SDBIP. An Operating Procedure for the management and implementation of the SDBIP has been developed. The operating procedure was workshopped with the relevant kpi owners and senior management. The procedures can be summarised as follows:

- The Performance Administrator informs the relevant kpi owners, senior management and departmental secretaries of the closure date to submit actuals achieved for the preceding month. The date varies, but is usually around the 10<sup>th</sup> of each month. By this date the managers must submit their actuals achieved on a spreadsheet specifically for their section. The spreadsheet is available on the municipal server.
- A folder for proof of evidence is located on the same server address.
- A second date is indicated whereby Senior Management must verify the information submitted by the manager, as well as the proof of evidence that confirms the information submitted. Any interventions for under-performance and/or general





## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

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comments should be included on the spreadsheet. The second closure date is usually approximately 3 days after the first closure date.

- After the second closure date the applicable information cells is locked by the Performance Administrator. The Senior Manager signs each of his managerial reports as an indication that the information submitted has been verified and that proof of evidence does exist for the information.
- The relevant departmental secretary print the signed manager monthly report and save it on Trim, the municipal archive system.
- The monthly reports are then submitted for inclusion in the relevant Council Portfolio Committees.
- The Performance Administrator draws an overall municipal report and submit it as the monthly SDBIP report to the Municipal Manager for submission to the Mayoral Committee.
- The first quarterly report was submitted to the Executive Mayor on 31<sup>st</sup> of October 2012 and the second quarterly report formed part of the section 72 report in terms of the Municipal Finance management Act, which was submitted to the Mayor on 25 January 2013. The third quarter report was submitted to the Executive Mayor on 25<sup>th</sup> of March 2013 .

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### 3.1.3 INDIVIDUAL PERFORMANCE

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#### a) Municipal Manager and Managers directly accountable to the Municipal Manager

The Municipal Systems Act, 2000 (Act 32 of 2000) prescribes that the municipality must enter into performance based agreements with the Section 57-employees and that performance agreements must be reviewed annually. This process and the format are further regulated by Regulation 805 (August 2006). The performance agreements for the 2012/13 financial year were signed on the 31 July 2012 as prescribed.

The appraisal of the actual performance in terms of the signed agreements takes place twice per annum as regulated. The final evaluation of the 2011/12 financial year took place on 21 June 2013, as well as 1 July 2013 and the mid-year performance of 2012/13 did not take place.

The appraisals was done by an evaluation panel as indicated in the signed performance agreements and in terms of Regulation 805 and consisted of the following people:

- Executive Mayor
- Portfolio Chairperson
- Chairperson of the Performance, Risk and Audit Committee
- Municipal Manager
- Chairperson: Audit Committee
- Manager: Human Resources
- Mr. G Matthyse Municipal Manager of Breede Valley Municipality , took part in the review of the Municipal Manager
- Facilitator- Consultant



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### 3.1.4 THE IDP AND THE BUDGET

The IDP for 2012/13 was reviewed and approved on the 31 May 2012 whilst the budget for 2012/13 was approved by Council on the same day. The IDP and the SDBIP for 2012/13 was amended and approved at a Council meeting held on 27 February 2013. The IDP process and the performance management process are integrated. The IDP fulfills the planning stage of performance management. Performance management in turn, fulfills the implementation management, monitoring and evaluation of the IDP.

### 3.1.5 STRATEGIC ALIGNMENT

| Municipal Key Performance Area   | STRATEGIC OBJECTIVE |   |
|--|---------------------|---|
| <b>Developing Integrated &amp; Sustainable Human Settlements</b>       | 1.1                 | Provide & maintain economic & social infrastructure to ensure infrastructure-led growth & development.  |
|  | 1.2                 | Promote a sustainable environment through the efficient utilization of resources.   |
|  | 1.3                 | Ensure mobility through an effective transport infrastructure.  |
|  | 1.4                 | Expand staff & capital resources in law enforcement & emergency services to provide improved services to all, especially the most vulnerable communities. |
|  | 1.5                 | Provide for the needs of informal settlements through improved services.  |
|  | 1.6                 | Provide facilities that make citizens feel at home.   |
| <b>Financial Sustainability</b>  | 2.1                 | Ensure financial prudence, with clean audits by the Auditor General.  |
| <b>Good Governance, Communication &amp; Institutional Development.</b> | 3.1                 | Maximise the use of available funding & programmes for training & skills development.   |
|  | 3.2                 | Ensure responsiveness by creating an environment where citizens can be communicated with & responded to.  |
|  | 3.3                 | Ensure a transparent & corruption-free government.  |
|  | 3.4                 | Establish an efficient & productive administration that prioritises delivery.   |
| <b>Local Economic Development</b>                                      | 4.1                 | Create an enabling environment to attract investment that generates economic growth & job creation.   |
|  | 4.2                 | Leverage the municipality's assets to drive economic growth & sustainable development.  |
| <b>Social Development</b>  | 5.1                 | Providing a safety net for vulnerable communities.  |
|  | 5.2                 | Provide access to social services for those who need it.  |
|  | 5.3                 | Ensure increased access to innovative human settlements for those who need it.  |
|  | 5.4                 | Asses the possible sale or transfer of rental stock to identified beneficiaries, using established criteria.  |
| <b>Strategic Partnerships &amp; International Relations.</b>           | 6.1                 | To improve safety & security through partnerships.  |



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

|  |     |   |
|--|-----|---|
|  | 6.2 | To maintain & strengthen Inter Governmental Relations with provincial & national departments. |
|--|-----|---|

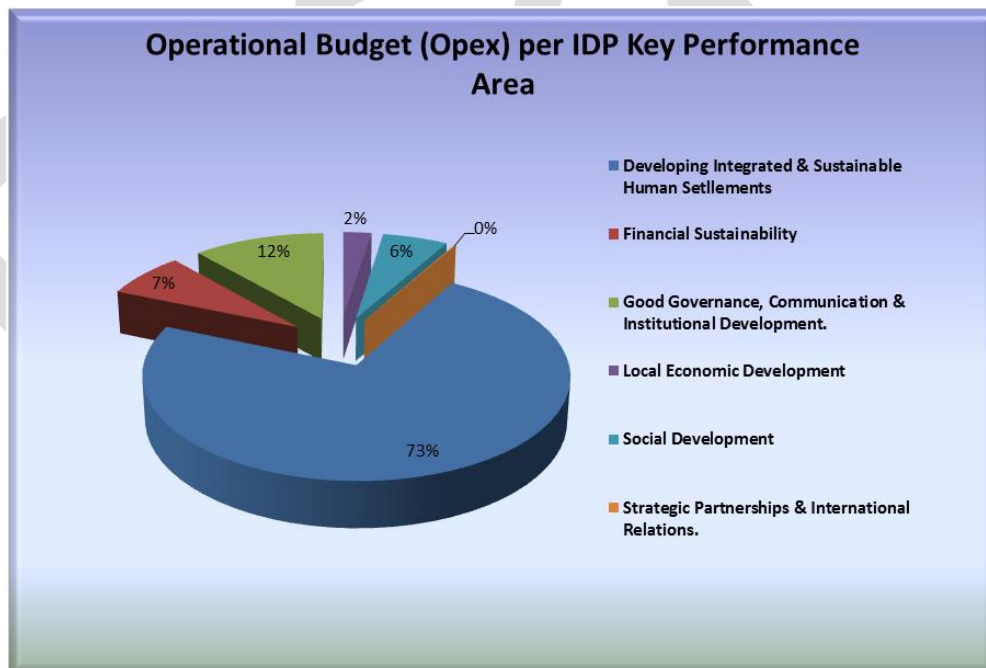
*Table 68: Strategic Alignment*

### 3.1.6 BUDGET SPENDING PER IDP KEY PERFORMANCE AREA

The table below provide an analysis of the budget allocation per Municipal Key Performance Area (as per approved amended 2012/13 SDBIP. Opex excludes internal transfers):

| Municipal Key Performance Area                             | Adjusted Capital Budget<br>R | Adjusted Operational Budget (Opex)<br>R |
|--|------------------------------|---|
| Developing Integrated & Sustainable Human Settlements      | 87 649 392                   | 284 403 736                             |
| Financial Sustainability                                   | 500                          | 28 184 583                              |
| Good Governance, Communication & Institutional Development | 1 335 719                    | 44 945 931                              |
| Local Economic Development                                 | 200 000                      | 9 515 804                               |
| Social Development   | 1 733                        | 22 322 461                              |
| Strategic Partnerships & International Relations           | 0                            | 447 500                                 |
| <b>Total</b>   | <b>89 187 344</b>            | <b>389 820 015</b>                      |

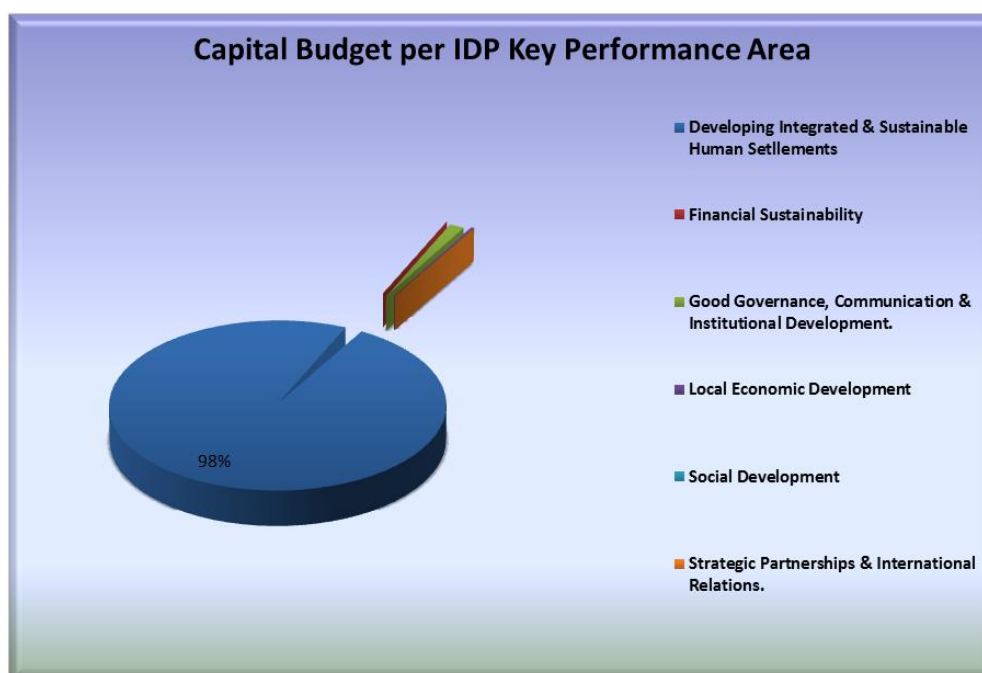
*Table 69: Budget spending per IDP Key Performance Area (as per approved amended 2012/13 SDBIP. Opex includes internal transfers)*



*Graph 8: Operational Budget per IDP Key Performance Area (as per approved amended 2012/13 SDBIP. Opex includes internal transfers)*



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE



*Graph 9: Capital Budget per IDP Key Performance Area (as per approved amended 2012/13 SDBIP)*

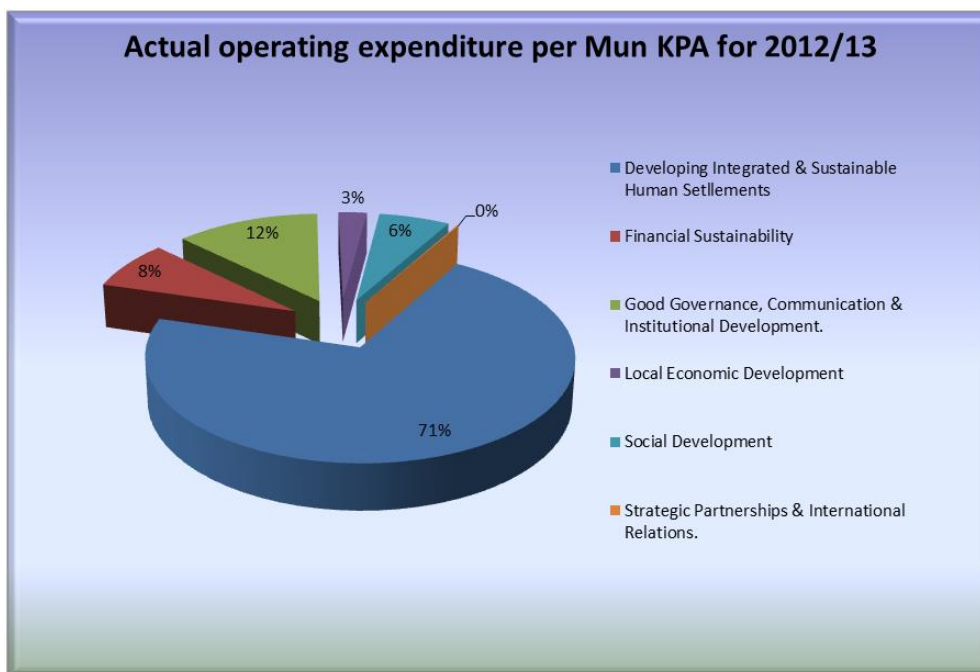
The table below provide an analysis of the actual spending per Municipal Key Performance Area for 2012/13:

| Municipal Key Performance Area                             | Actual Capital Expenditure for 2012/13<br>R | Actual Operating Expenditure for 2012/13<br>R |
|--|---|---|
| Developing Integrated & Sustainable Human Settlements      | 87 830 305                                  | 257 280 349                                   |
| Financial Sustainability                                   | 500   | 27 805 156                                    |
| Good Governance, Communication & Institutional Development | 1 754 119                                   | 44 920 657                                    |
| Local Economic Development                                 | 677 941                                     | 8 819 713                                     |
| Social Development   | 50 000                                      | 22 135 567                                    |
| Strategic Partnerships & International Relations           | 0   | 447 500                                       |
| <b>Total</b>   | <b>90 312 865</b>                           | <b>361 408 942</b>                            |

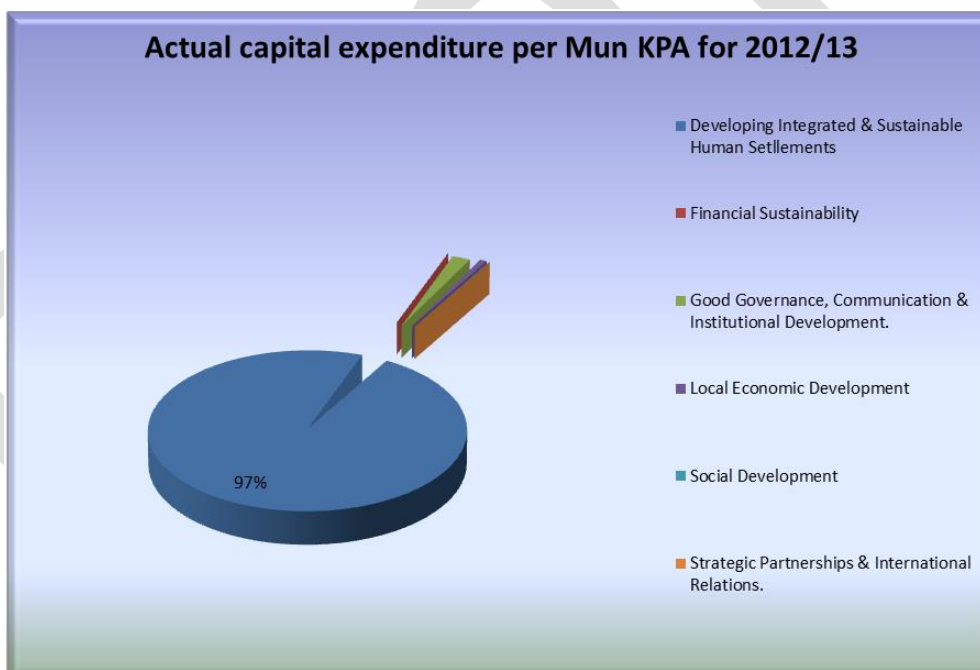
*Table 70: Actual capital and operating expenditure (excluding internal transfers) per IDP Key Performance Area for 2012/13*



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE



Graph 10: Actual operating expenditure (excluding internal transfers) for 2012/13 per IDP Key Performance Area



Graph 11: Actual capital expenditure for 2012/13 per IDP Key Performance Area

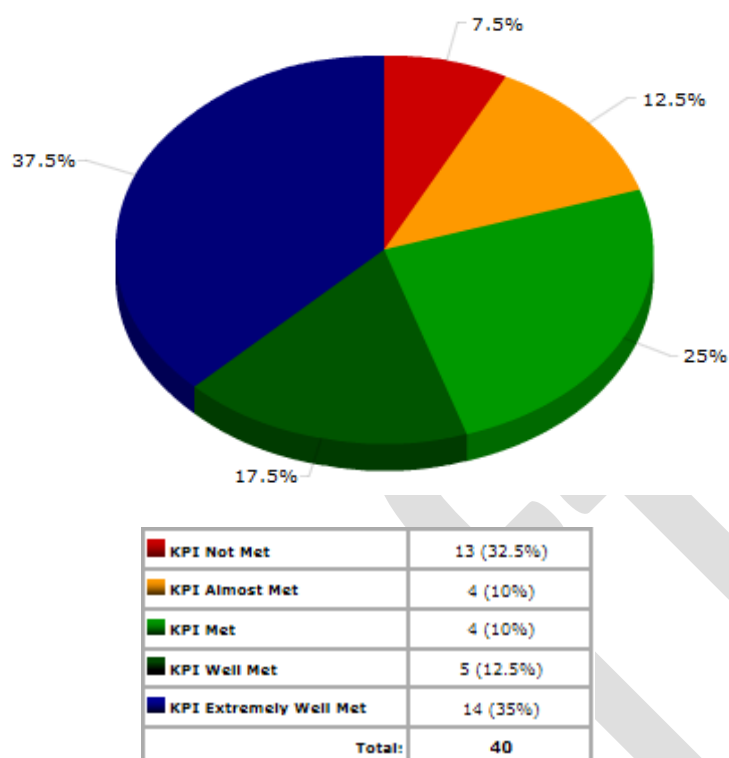
### 3.1.7 STRATEGIC PERFORMANCE (TOP LAYER SDBIP) FOR 2012/13

Strategic performance of the municipality is measured in terms of the municipality's performance on its key performance indicators set in the Top Layer SDBIP.

#### a) Overall performance for 2012/13



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE



Graph 12: Overall Strategic Performance (Top Layer SDBIP)

### b) Actual strategic performance (Top Layer) and corrective measures that will be implemented

#### i) Overall actual performance per strategic objective

| Strategic objective   | Total KPIs | KPIs not Met | KPIs almost Met | KPIs Met | KPIs Well Met | KPIs Extremely Well Met |
|---|------------|--------------|-----------------|----------|---------------|-------------------------|
| Provide & maintain economic & social infrastructure to ensure infrastructure-led growth & development. (1.1)  | 8          | 0            | 1               | 0        | 2             | 5                       |
| Promote a sustainable environment through the efficient utilization of resources. (1.2)   | 2          | 0            | 0               | 1        | 0             | 1                       |
| Ensure mobility through an effective transport infrastructure. (1.3)  | 1          | 0            | 1               | 0        | 0             | 0                       |
| Expand staff & capital resources in law enforcement & emergency services to provide improved services to all, especially the most vulnerable communities. (1.4) | 1          | 0            | 0               | 1        | 0             | 0                       |
| Provide for the needs of informal settlements through improved services. (1.5)  | 4          | 1            | 0               | 3        | 0             | 0                       |
| Provide facilities that make citizens feel at home. (1.6)   | 1          | 0            | 0               | 1        | 0             | 0                       |



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

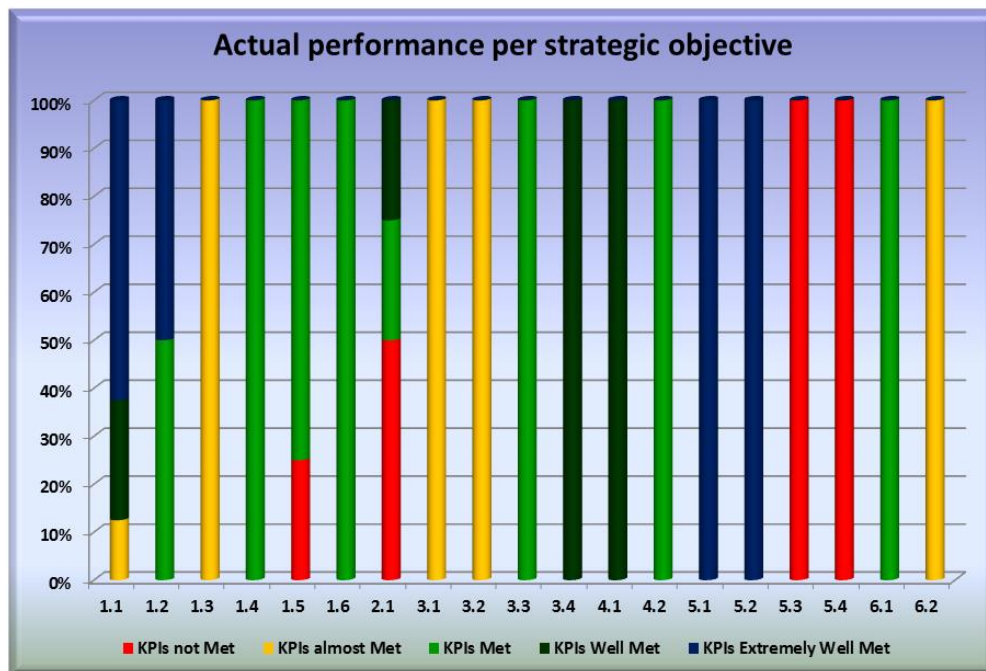
| Strategic objective   | Total KPIs | KPIs not Met | KPIs almost Met | KPIs Met  | KPIs Well Met | KPIs Extremely Well Met |
|---|------------|--------------|-----------------|-----------|---------------|-------------------------|
| Ensure financial prudence, with clean audits by the Auditor General. (2.1)  | 4          | 2            | 0               | 1         | 1             | 0                       |
| Maximise the use of available funding & programmes for training & skills development. (3.1)                         | 1          | 0            | 1               | 0         | 0             | 0                       |
| Ensure responsiveness by creating an environment where citizens can be communicated with & responded to. (3.2)      | 1          | 0            | 1               | 0         | 0             | 0                       |
| Ensure a transparent & corruption-free government. (3.3)  | 1          | 0            | 0               | 1         | 0             | 0                       |
| Establish an efficient & productive administration that prioritises delivery. (3.4)                                 | 1          | 0            | 0               | 0         | 1             | 0                       |
| Create an enabling environment to attract investment that generates economic growth & job creation. (4.1)           | 2          | 0            | 0               | 0         | 2             | 0                       |
| Leverage the municipality's assets to drive economic growth & sustainable development. (4.2)                        | 1          | 0            | 0               | 1         | 0             | 0                       |
| Provide access to social services for those who need it. (5.2)  | 7          | 0            | 0               | 0         | 0             | 7                       |
| Providing a safety net for vulnerable communities. (5.1)  | 1          | 0            | 0               | 0         | 0             | 1                       |
| Ensure increased access to innovative human settlements for those who need it. (5.3)                                | 1          | 1            | 0               | 0         | 0             | 0                       |
| Assess the possible sale or transfer of rental stock to identified beneficiaries, using established criteria. (5.4) | 1          | 1            | 0               | 0         | 0             | 0                       |
| To improve safety & security through partnerships. (6.1)  | 1          | 0            | 0               | 1         | 0             | 0                       |
| To maintain & strengthen Inter Governmental Relations with provincial & national departments. (6.2)                 | 1          | 0            | 1               | 0         | 0             | 0                       |
| <b>Total</b>  | <b>40</b>  | <b>5</b>     | <b>5</b>        | <b>10</b> | <b>6</b>      | <b>14</b>               |

Table 71: Total overall performance per strategic objective for 2012/13



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

The statistics of the table above was used for the graph below. Reference of the strategic objectives are included in the Strategic Alignment



Graph 13: Actual performance per strategic objective for 2012/13

ii) Detailed performance per strategic objective for 2012/13

### PROVIDE & MAINTAIN ECONOMIC & SOCIAL INFRASTRUCTURE TO ENSURE INFRASTRUCTURE-LED GROWTH & DEVELOPMENT

| Ref | KPI  | Actual performance 2011/12                                       | Performance of 2012/13 |     |     |     |        |        |  |   |
|-----|--|--|------------------------|-----|-----|-----|--------|--------|--|---|
|     |  |  | Target                 |     |     |     |        | Actual |  | Corrective measures for targets not achieved  |
|     |  |  | Q1                     | Q2  | Q3  | Q4  | Target |        |  |   |
| 1A  | Percentage spend on repairs and maintenance for the whole municipality.  | New performance indicator for 2012/13. No comparatives available | 25%                    | 50% | 75% | 99% | 99%    | 91%    |  | Proper forward planning will be implemented to ensure maximum utilization of budget . |
| 1B  | Percentage compliance with drinking water standards.   | New performance indicator for 2012/13. No comparatives available | 97%                    | 97% | 97% | 97% | 97%    | 100%   |  |   |
| 1C  | Percentage spend on Capital Budget (National performance indicator in terms of Performance Regulation 796)   | New performance indicator for 2012/13. No comparatives available | 15%                    | 45% | 65% | 94% | 94%    | 95%    |  |   |
| 1D  | Number of outstanding valid applications for water services expressed as a % of total number of billings for the service (National performance indicator in terms of Performance Regulation 796) (Target indicates % of service applications that translates to valid accounts)    | New performance indicator for 2012/13. No comparatives available | 0%                     | 0%  | 0%  | 2%  | 2%     | 0%     |  |   |
| 1E  | Number of outstanding valid applications for sewerage services expressed as a % of total number of billings for the service (National performance indicator in terms of Performance Regulation 796) (Target indicates % of service applications that translates to valid accounts) | New performance indicator for 2012/13. No comparatives available | 0%                     | 0%  | 0%  | 2%  | 2%     | 0%     |  |   |





## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Ref | KPI   | Actual performance 2011/12                                       | Performance of 2012/13 |     |    |     |        |        |  |
|-----|---|--|------------------------|-----|----|-----|--------|--------|--|
|     |   |  | Target                 |     |    |     |        | Actual | Corrective measures for targets not achieved |
|     |   |  | Q1                     | Q2  | Q3 | Q4  | Target |        |  |
| 1F  | Number of outstanding valid applications for electricity services expressed as a % of total number of billings for the service (National performance indicator in terms of Performance Regulation 796) (Target indicates % of service applications that translates to valid accounts)   | New performance indicator for 2012/13. No comparatives available | 0%                     | 0%  | 0% | 2%  | 2%     | 0%     |  |
| 1G  | Number of outstanding valid applications for waste removal services expressed as a % of total number of billings for the service (National performance indicator in terms of Performance Regulation 796) (Target indicates % of service applications that translates to valid accounts) | New performance indicator for 2012/13. No comparatives available | 0%                     | 0%  | 0% | 2%  | 2%     | 0%     |  |
| 1H  | The number of jobs created through municipality's local economic development initiatives including capital projects (National performance indicator in terms of Performance Regulation 796)   | New performance indicator for 2012/13. No comparatives available | 0                      | 150 | 0  | 170 | 320    | 615    |  |

**Table 72: Strategic objective: Provide & maintain economic & social infrastructure to ensure infrastructure-led growth & development**

### PROMOTE A SUSTAINABLE ENVIRONMENT THROUGH THE EFFICIENT UTILIZATION OF RESOURCES

| Ref | KPI   | Actual performance 2011/12                                       | Performance of 2012/13 |    |    |     |        |        |  |
|-----|---|--|------------------------|----|----|-----|--------|--------|--|
|     |   |  | Target                 |    |    |     |        | Actual | Corrective measures for targets not achieved |
|     |   |  | Q1                     | Q2 | Q3 | Q4  | Target |        |  |
| 1I  | Effective management of water provisioning systems to limit unaccounted water | New performance indicator for 2012/13. No comparatives available | 0%                     | 0% | 0% | 32% | 32%    | 21%    |  |
| 1J  | Management of electricity losses  | New performance indicator for 2012/13. No comparatives available | 0%                     | 0% | 0% | 8%  | 8%     | 8%     |  |

**Table 73: Strategic objective: Promote a sustainable environment through the efficient utilization of resources**

### ENSURE MOBILITY THROUGH AN EFFECTIVE TRANSPORT INFRASTRUCTURE

| Ref | KPI  | Actual performance 2011/12                                       | Performance of 2012/13 |    |     |     |        |        |  |
|-----|--|--|------------------------|----|-----|-----|--------|--------|--|
|     |  |  | Target                 |    |     |     |        | Actual | Corrective measures for targets not achieved                         |
|     |  |  | Q1                     | Q2 | Q3  | Q4  | Target |        |  |
| 1K  | Provision of municipal roads measured by the km of new road for previously un-serviced areas | New performance indicator for 2012/13. No comparatives available | 1.5                    | 2  | 4.5 | 7.2 | 7.2    | 6.8    | Increase in construction costs from time of planning to procurement. |

**Table 74: Strategic objective: Ensure mobility through an effective transport infrastructure**

### EXPAND STAFF & CAPITAL RESOURCES IN LAW ENFORCEMENT & EMERGENCY SERVICES TO PROVIDE IMPROVED SERVICES TO ALL, ESPECIALLY THE MOST VULNERABLE COMMUNITIES

| Ref | KPI  | Actual performance 2011/12                                       | Performance of 2012/13 |    |    |    |        |        |  |
|-----|--|--|------------------------|----|----|----|--------|--------|--|
|     |  |  | Target                 |    |    |    |        | Actual | Corrective measures for targets not achieved |
|     |  |  | Q1                     | Q2 | Q3 | Q4 | Target |        |  |
| 1L  | Community Satisfaction survey (Score 1-5) - safety & security (Target indicates community perception in respect of safety & security. Highest score to | New performance indicator for 2012/13. No comparatives available | 0                      | 0  | 0  | 2  | 2      | 2      |  |

[illegible]

## PROVIDE FOR THE NEEDS OF INFORMAL SETTLEMENTS THROUGH IMPROVED SERVICES

**Table 76: Strategic objective: Provide for the needs of informal settlements through improved services**

| Ref | KPI   | Actual performance 2011/12                                       | Performance of 2012/13 |    |    |    |        |        |  |  |
|-----|---|--|------------------------|----|----|----|--------|--------|--|--|
|     |   |  | Target                 |    |    |    |        | Actual |  | Corrective measures for targets not achieved |
|     |   |  | Q1                     | Q2 | Q3 | Q4 | Target |        |  |  |
| 1Q  | Community Satisfaction survey (Score 1-5) - community facilities (Target indicates community perception in respect of community facilities. Highest score to achieve is 5 and target of 2 being defined as "being fair"). | New performance indicator for 2012/13. No comparatives available | 0                      | 0  | 0  | 2  | 2      | 2      |  |  |

## ENSURE FINANCIAL PRUDENCE, WITH CLEAN AUDITS BY THE AUDITOR GENERAL

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## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

|    |  |  | Q1  | Q2  | Q3           | Q4  | Target       |              |  | targets not achieved   |
|----|--|--|-----|-----|--------------|-----|--------------|--------------|--|--|
| 2A | Opinion of the Auditor-General   | Unqualified  | 0   | 0   | Un-qualified | 0   | Un-qualified | Un-qualified |  |  |
| 2B | Financial viability measured in terms of the available cash to cover fixed operating expenditure (section 10(g)(iii) performance regulation) (Proxy for National KPI)  | New performance indicator for 2012/13. No comparatives available | 1.6 | 1.6 | 1.6          | 1.6 | 1.6          | 1.5          |  | Proper forward planning will be implemented to ensure that sufficient cash is available to cover expenditure |
| 2B | Financial viability measured in terms of the municipality's ability to meet its service debt obligations (section 10(g)(i) performance regulation) Note: In year reporting will be based on year to date info. | New performance indicator for 2012/13. No comparatives available | 16  | 16  | 16           | 16  | 16           | 25           |  |  |
| 2B | Financial viability measured in terms of the outstanding service debtors (section 10(g)(ii) performance regulation)  | New performance indicator for 2012/13. No comparatives available | 48% | 48% | 48%          | 48% | 48%          | 52%          |  | A service provider will be appointed in 13/14 to manage outstanding debts.                                   |

**Table 78: Ensure financial prudence, with clean audits by the Auditor General**

### MAXIMISE THE USE OF AVAILABLE FUNDING & PROGRAMMES FOR TRAINING & SKILLS DEVELOPMENT

| Ref | KPI  | Actual performance 2011/12                                       | Performance of 2012/13 |    |    |     |        |        |  |   |
|-----|--|--|------------------------|----|----|-----|--------|--------|--|---|
|     |  |  | Target                 |    |    |     |        | Actual |  | Corrective measures for targets not achieved  |
|     |  |  | Q1                     | Q2 | Q3 | Q4  | Target |        |  |   |
| 3A  | Percentage budget spend on the implementation of the Workplace Skills Plan (National performance indicator in terms of Performance Regulation 796) | New performance indicator for 2012/13. No comparatives available | 0%                     | 0% | 0% | 97% | 97%    | 93%    |  | Proper forward planning will be implemented to ensure maximum utilization of budget . |

**Table 79: Strategic objective: Maximize the use of available funding & programmes for training & skills development**

### ENSURE RESPONSIVENESS BY CREATING AN ENVIRONMENT WHERE CITIZENS CAN BE COMMUNICATED WITH & RESPONDED TO

| Ref | KPI                                    | Actual performance 2011/12                                       | Performance of 2012/13 |    |    |    |        |        |  |   |
|-----|--|--|------------------------|----|----|----|--------|--------|--|---|
|     |  |  | Target                 |    |    |    |        | Actual |  | Corrective measures for targets not achieved                          |
|     |  |  | Q1                     | Q2 | Q3 | Q4 | Target |        |  |   |
| 3B  | Number of IDP community meetings held. | New performance indicator for 2012/13. No comparatives available | 0                      | 0  | 0  | 14 | 14     | 12     |  | Meetings were arranged but did not take place due to poor attendance. |

**Table 80: Strategic objective: Ensure responsiveness by creating an environment where citizens can be communicated with & responded to**

### ENSURE A TRANSPARENT & CORRUPTION-FREE GOVERNMENT

| Ref | KPI                           | Actual performance 2011/12                                       | Performance of 2012/13 |    |    |    |        |        |  |  |
|-----|-------------------------------|--|------------------------|----|----|----|--------|--------|--|--|
|     |                               |  | Target                 |    |    |    |        | Actual |  | Corrective measures for targets not achieved |
|     |                               |  | Q1                     | Q2 | Q3 | Q4 | Target |        |  |  |
| 3C  | Number of PRAC meetings held. | New performance indicator for 2012/13. No comparatives available | 0                      | 2  | 0  | 3  | 5      | 5      |  |  |

**Table 81: Strategic objective: Ensure a transparent & corruption-free government**

### ESTABLISH AN EFFICIENT & PRODUCTIVE ADMINISTRATION THAT PRIORITISES DELIVERY

| Ref | KPI | Actual performance 2011/12 | Performance of 2012/13 |
|-----|-----|----------------------------|------------------------|
|-----|-----|----------------------------|------------------------|



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|    |   |  | Target |    |    |     |        | Actual | Corrective measures for targets not achieved |
|----|---|--|--------|----|----|-----|--------|--------|--|
|    |   |  | Q1     | Q2 | Q3 | Q4  | Target |        |  |
| 3D | Percentage of people from employment equity target groups employed in the three highest levels of management (National performance indicator in terms of Performance Regulation 796). | New performance indicator for 2012/13. No comparatives available | 0%     | 0% | 0% | 75% | 75%    | 76%    |  |

**Table 82: Strategic objective: Establish an efficient & productive administration that prioritizes delivery**

### CREATE AN ENABLING ENVIRONMENT TO ATTRACT INVESTMENT THAT GENERATES ECONOMIC GROWTH & JOB CREATION

| Ref | KPI  | Actual performance 2011/12  | Performance of 2012/13 |     |     |     |        |        |  |  |
|-----|--|---|------------------------|-----|-----|-----|--------|--------|--|--|
|     |  |   | Target                 |     |     |     |        | Actual | Corrective measures for targets not achieved |  |
|     |  |   | Q1                     | Q2  | Q3  | Q4  | Target |        |  |  |
| 4A  | All building plans approved for less than 500 square meters within 30 days | New performance indicator for 2012/13.<br>No comparatives available | 85%                    | 85% | 85% | 85% | 85%    | 93%    |  |  |
| 4A  | All building plans approved for more than 500 square meters within 60 days | New performance indicator for 2012/13.<br>No comparatives available | 85%                    | 85% | 85% | 85% | 85%    | 100%   |  |  |

**Table 83: Strategic objective: Create an enabling environment to attract investment that generates economic growth & job creation**

### LEVERAGE THE MUNICIPALITY'S ASSETS TO DRIVE ECONOMIC GROWTH & SUSTAINABLE DEVELOPMENT

| Ref | KPI                              | Actual performance 2011/12  | Performance of 2012/13 |    |    |    |        |        |  |  |
|-----|----------------------------------|---|------------------------|----|----|----|--------|--------|--|--|
|     |                                  |   | Target                 |    |    |    |        | Actual |  | Corrective measures for targets not achieved |
|     |                                  |   | Q1                     | Q2 | Q3 | Q4 | Target |        |  |  |
| 4B  | Appointment of Property Officer. | New performance indicator for 2012/13.<br>No comparatives available | 0                      | 1  | 0  | 0  | 1      | 1      |  |  |

**Table 84: Strategic objective: Leverage the municipality's assets to drive economic growth & sustainable development**

### PROVIDE ACCESS TO SOCIAL SERVICES FOR THOSE WHO NEED IT

| Ref | KPI  | Actual performance 2011/12  | Performance of 2012/13 |    |    |    |        |        |  |  |
|-----|--|---|------------------------|----|----|----|--------|--------|--|--|
|     |  |   | Target                 |    |    |    |        | Actual | Corrective measures for targets not achieved |  |
|     |  |   | Q1                     | Q2 | Q3 | Q4 | Target |        |  |  |
| 5B  | Bi-annual HIV/AIDS awareness programs                    | New performance indicator for 2012/13.<br>No comparatives available | 0                      | 1  | 0  | 1  | 2      | 5      |  | Additional requests and needs<br>Received from the community |
| 5B  | Arrange workshops for youth per twinning agreement       | New performance indicator for 2012/13.<br>No comparatives available | 0                      | 1  | 0  | 1  | 2      | 10     |  | Additional requests and needs<br>Received from the community |
| 5B  | Implement Substance Abuse Programmes                     | New performance indicator for 2012/13.<br>No comparatives available | 0                      | 0  | 0  | 2  | 2      | 3      |  | Additional requests and needs<br>Received from the community |
| 5B  | Implementation of Child protection programmes            | New performance indicator for 2012/13.<br>No comparatives available | 0                      | 1  | 0  | 1  | 2      | 6      |  | Additional requests and needs<br>Received from the community |
| 5B  | Implementation of Early childhood development programmes | New performance indicator for 2012/13.<br>No comparatives available | 0                      | 0  | 0  | 3  | 3      | 16     |  | Additional requests and needs<br>Received from the community |
| 5B  | Implementation of gender programmes                      | New performance indicator for 2012/13.<br>No comparatives available | 0                      | 1  | 0  | 1  | 2      | 3      |  | Additional requests and needs<br>Received from the community |
| 5B  | Implementation of projects for persons with disabilities | New performance indicator for 2012/13.<br>No comparatives available | 0                      | 0  | 0  | 2  | 2      | 5      |  | Additional requests and needs<br>Received from the community |

**Table 85: Strategic objective: Provide access to social services for those who need it**

### PROVIDING A SAFETY NET FOR VULNERABLE COMMUNITIES



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| Ref | KPI   | Actual performance 2011/12 | Performance of 2012/13 |    |    |       |        |        |  |
|-----|---|----------------------------|------------------------|----|----|-------|--------|--------|--|
|     |   |                            | Target                 |    |    |       |        | Actual | Corrective measures for targets not achieved |
|     |   |                            | Q1                     | Q2 | Q3 | Q4    | Target |        |  |
| 5A  | Number of account holders subsidised through the municipality's Indigent Policy (National performance indicator in terms of Performance Regulation 796) | 4,788                      | 0                      | 0  | 0  | 3,900 | 3,900  | 4,126  |  |

Table 86: Strategic objective: Providing a safety net for vulnerable communities

### ENSURE INCREASED ACCESS TO INNOVATIVE HUMAN SETTLEMENTS FOR THOSE WHO NEED IT

| Ref | KPI  | Actual performance 2011/12                                       | Performance of 2012/13 |     |    |     |        |        |   |
|-----|--|--|------------------------|-----|----|-----|--------|--------|---|
|     |  |  | Target                 |     |    |     |        | Actual | Corrective measures for targets not achieved  |
|     |  |  | Q1                     | Q2  | Q3 | Q4  | Target |        |   |
| 5C  | Number of housing opportunities provided per year. | New performance indicator for 2012/13. No comparatives available | 0                      | 100 | 0  | 160 | 260    | 141    | The construction of subsidised housing at Tulbagh was disrupted due to unrest under the community. The unrest flow from the allocation of houses and was disrupted up to the point where construction was halted. Consultation is underway to continue with the project in the latter half of 2013. |

Table 87: Strategic objective: Ensure increased access to innovative human settlements for those who need it

### ASSES THE POSSIBLE SALE OR TRANSFER OF RENTAL STOCK TO IDENTIFIED BENEFICIARIES, USING ESTABLISHED CRITERIA

| Ref | KPI                                | Actual performance 2011/12                                       | Performance of 2012/13 |    |     |     |        |        |   |
|-----|------------------------------------|--|------------------------|----|-----|-----|--------|--------|---|
|     |                                    |  | Target                 |    |     |     |        | Actual | Corrective measures for targets not achieved  |
|     |                                    |  | Q1                     | Q2 | Q3  | Q4  | Target |        |   |
| 5D  | Number of Rental Stock transferred | New performance indicator for 2012/13. No comparatives available | 0                      | 0  | 100 | 150 | 250    | 7      | A delay in the procurement process resulted in the late appointment of a transferring agent and also unwillingness under beneficiaries to pay outstanding accounts in order for the properties to be transferred. The outstanding accounts will be discussed on a strategic level to address. |

Table 88: Strategic objective: Asses the possible sale or transfer of rental stock to identified beneficiaries, using established criteria

### TO IMPROVE SAFETY & SECURITY THROUGH PARTNERSHIPS

| Ref | KPI                               | Actual performance 2011/12                                       | Performance of 2012/13 |    |    |    |        |        |  |
|-----|-----------------------------------|--|------------------------|----|----|----|--------|--------|--|
|     |                                   |  | Target                 |    |    |    |        | Actual | Corrective measures for targets not achieved |
|     |                                   |  | Q1                     | Q2 | Q3 | Q4 | Target |        |  |
| 6A  | Number of meetings held with SAPS | New performance indicator for 2012/13. No comparatives available | 0                      | 2  | 0  | 2  | 4      | 4      |  |

Table 89: Strategic objective: To improve safety & security through partnerships

### TO MAINTAIN & STRENGTHEN INTER GOVERNMENTAL AND INTERNATIONAL RELATIONS



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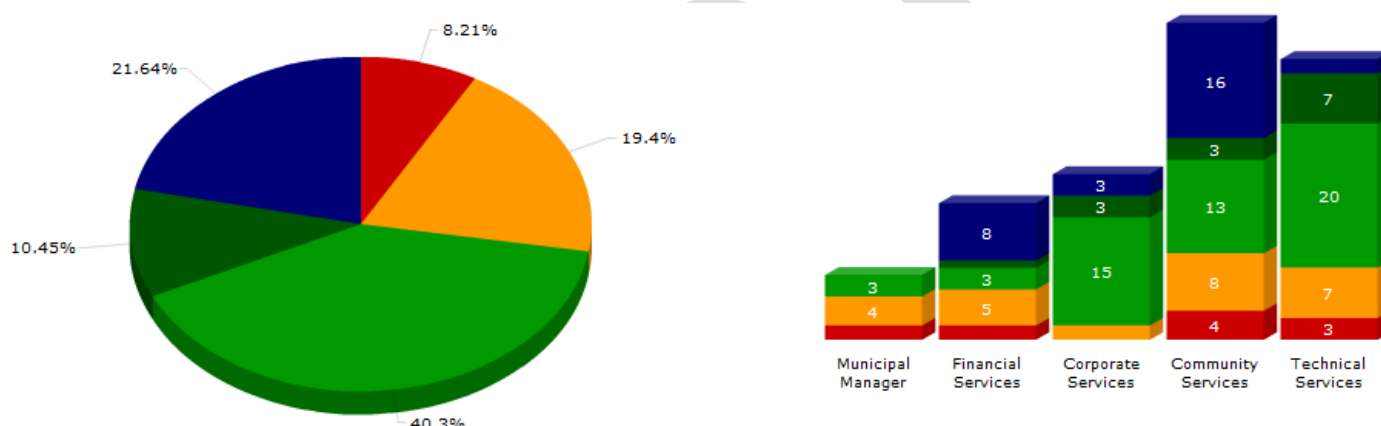
| Ref | KPI  | Actual performance 2011/12                                       | Performance of 2012/13 |    |    |    |        |        |  |  |
|-----|--|--|------------------------|----|----|----|--------|--------|--|--|
|     |  |  | Target                 |    |    |    |        | Actual |  | Corrective measures for targets not achieved |
|     |  |  | Q1                     | Q2 | Q3 | Q4 | Target |        |  |  |
| 6B  | Arrange and attend IGR SASSA, Rural Development & Home affairs forum meetings. | New performance indicator for 2012/13. No comparatives available | 0                      | 0  | 0  | 6  | 6      | 5      |  |  |

**Table 90: Strategic objective: To maintain & strengthen Inter Governmental and International Relations**

### 3.1.8 FUNCTIONAL PERFORMANCE (DEPARTMENTAL SDBIP)

The directorate and departmental scorecards (detail SDBIP) capture the performance of each defined directorate or department. Unlike the municipal scorecard, which reflects on the strategic performance of the municipality, the departmental SDBIP provide detail of each outcome for which top management are responsible for, in other words a comprehensive picture of the performance of that directorate/sub-directorate.

#### a) Overall performance per Directorate



**Graph 14: Overall Functional Performance per Directorate (Departmental SDBIP)**

#### b) High level performance per department

##### i) Office of the Municipal Manager

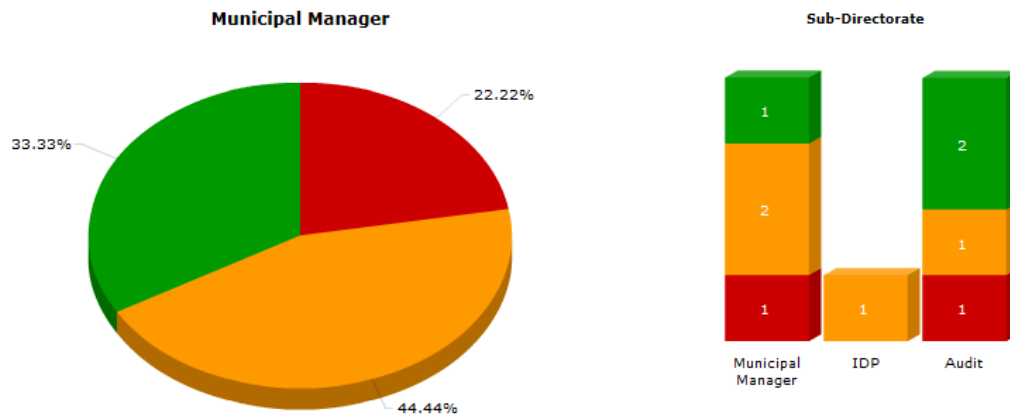
Office of the Municipal Manager consists of the following divisions:

- Municipal Manager
- IDP
- Audit

#### PERFORMANCE OF THE VARIOUS SUB-DIRECTORATES WITHIN OFFICE OF THE MUNICIPAL MANAGER



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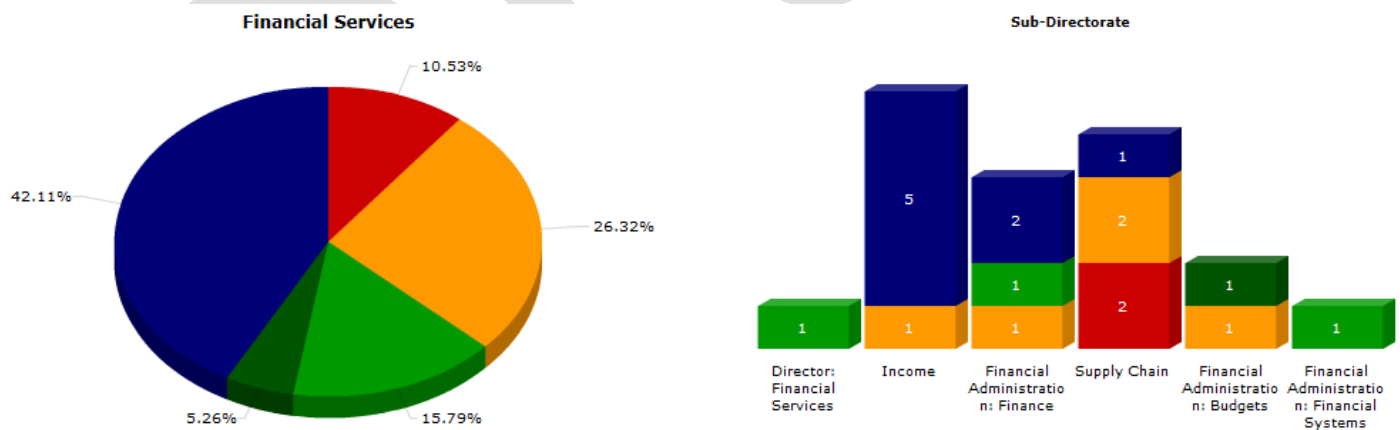
Graph 15: Functional Performance – Office of the Municipal Manager

### ii) Financial Services

Financial Services consists of the following divisions:

- Director: Financial Services
- Financial Administration: Budgets
- Financial Administration: Financial Systems
- Financial Administration: Finance
- Income
- Supply Chain

#### PERFORMANCE OF THE VARIOUS SUB-DIRECTORATES WITHIN FINANCIAL SERVICES



Graph 16: Functional Performance – Financial Services

### iii) Corporate Services

Corporate Services consists of the following divisions:

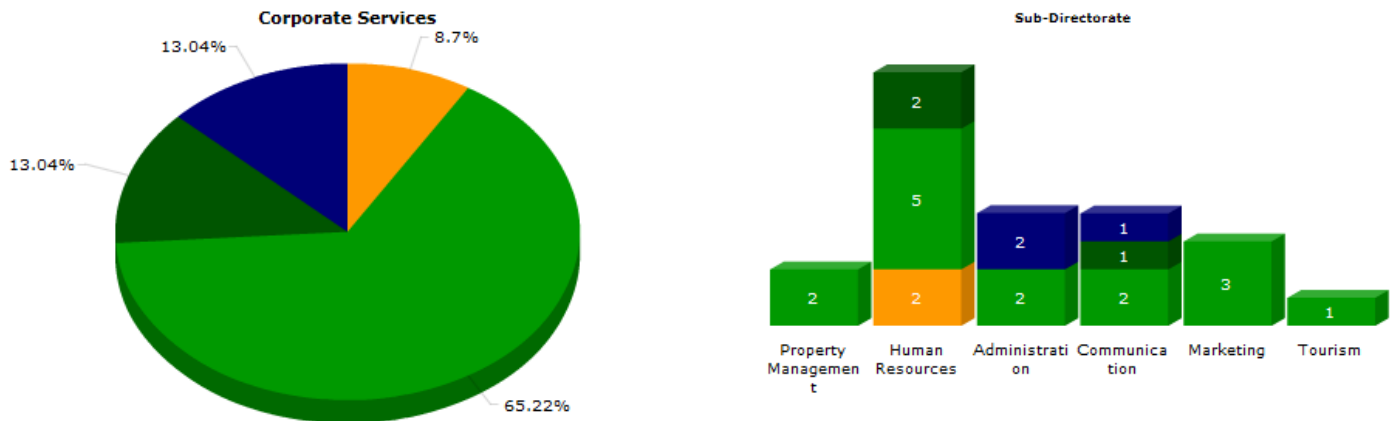
- Director: Corporate Services
- Administration



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- Communication
- Human Resource
- Marketing
- Tourism
- Property Management

### PERFORMANCE OF THE VARIOUS SUB-DIRECTORATES WITHIN CORPORATE SERVICES



Graph 17: Functional Performance – Corporate Services

#### iv) Community Services

Community Services consists of the following divisions:

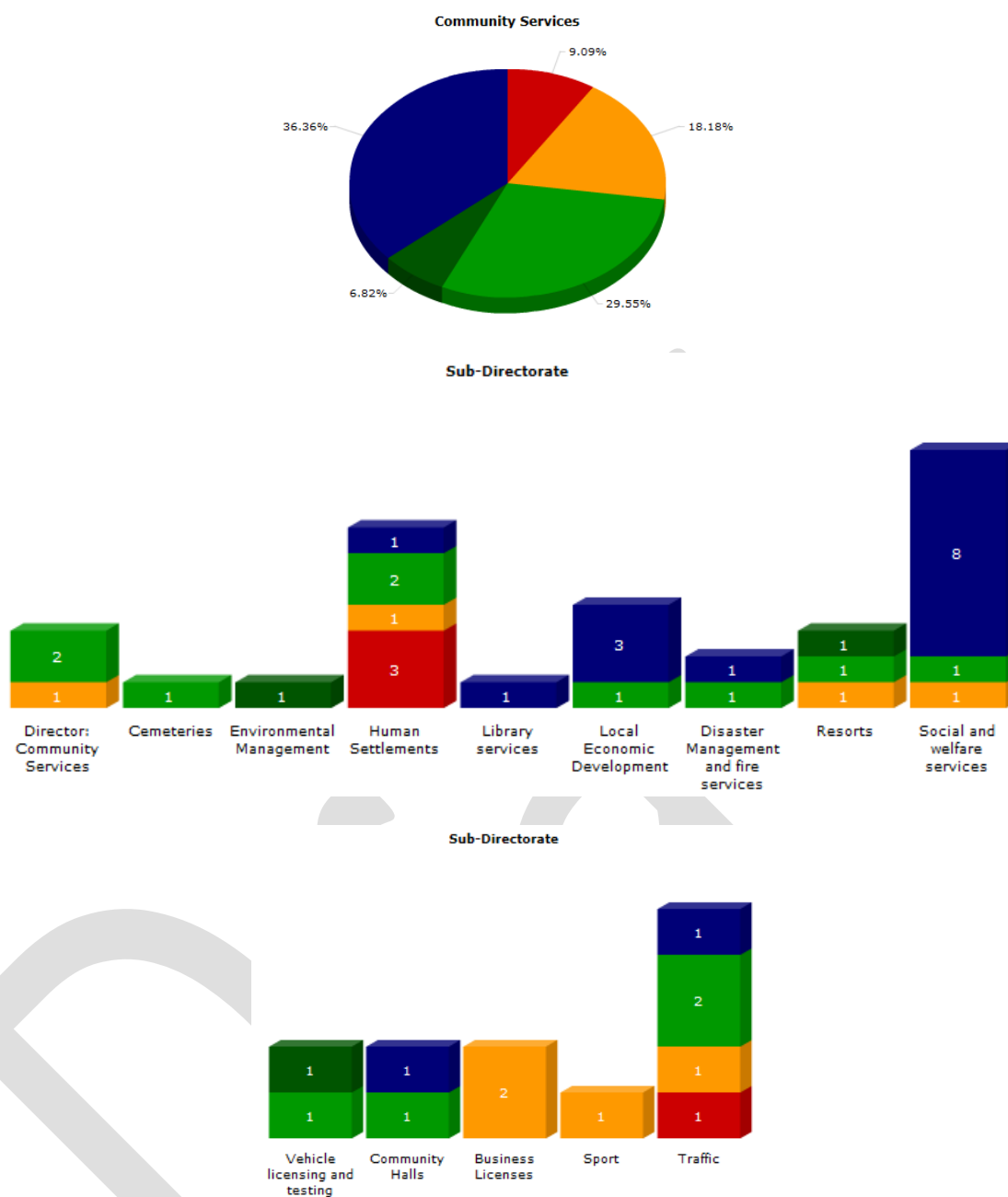
- Director: Community Services
- Cemeteries
- Community Halls
- Environmental Management
- Human Settlements
- Library Services
- Local Economic Development
- Parks and Recreation
- Disaster Management and Fire Services
- Traffic
- Resorts
- Social & Welfare Services
- Business Licences
- Vehicle Licensing & Testing
- Sport

### PERFORMANCE OF THE VARIOUS SUB-DIRECTORATES WITHIN COMMUNITY SERVICES





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**Graph 18: Functional Performance – Community Services**

### v) *Technical Services*

Technical Services consists of the following divisions:

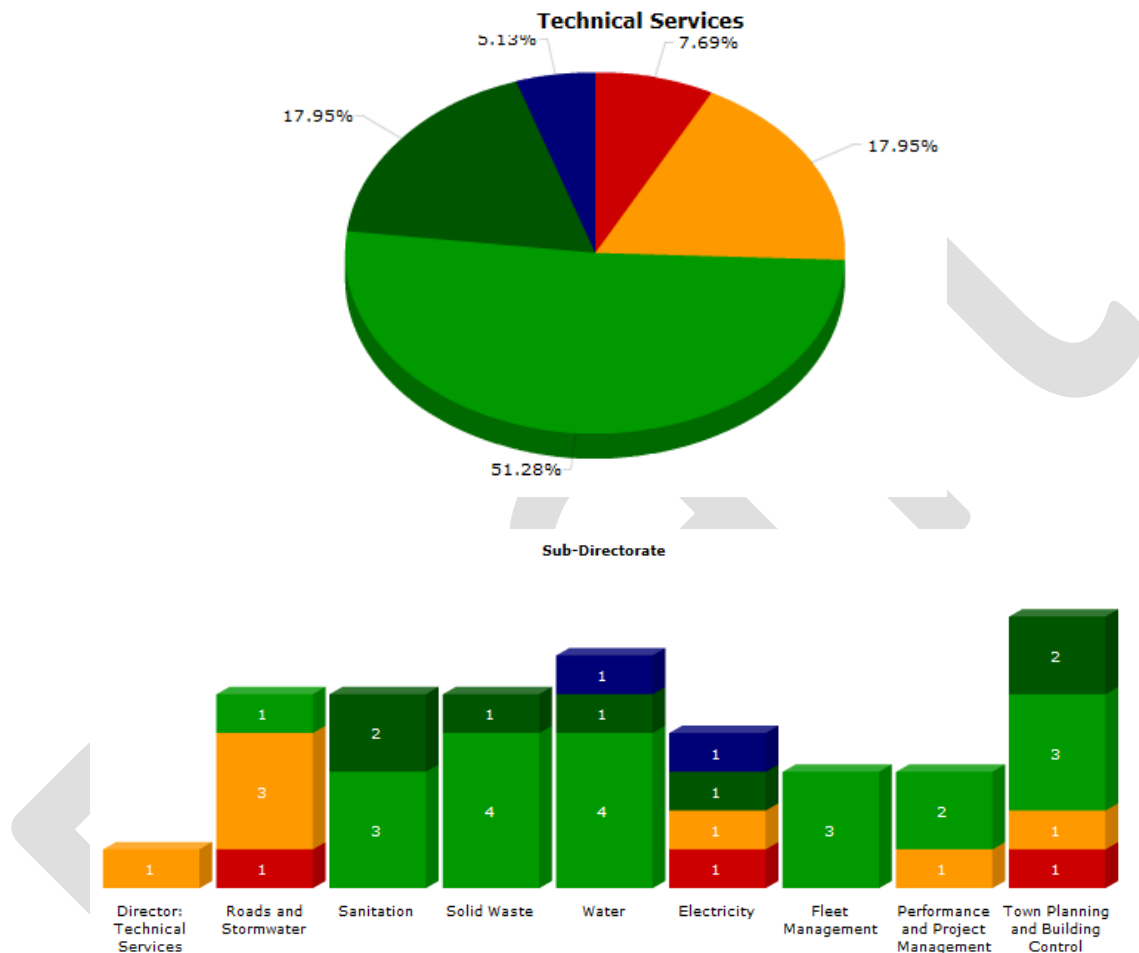
- Director: Technical Services
- Roads and Storm water
- Sanitation
- Solid waste
- Water



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- Electricity
- Fleet Management
- Performance & Project Management
- Town Planning & Building Control

### PERFORMANCE OF THE VARIOUS SUB-DIRECTORATES WITHIN TECHNICAL SERVICES



Graph 19: Functional Performance – Technical Services

### 3.1.9 5 YEAR CORPORATE SCORECARD: DEVELOPMENT AND SERVICE DELIVERY PRIORITIES

The main development and service delivery priorities for 2013/14 forms part of the Municipality's 5 Year Corporate Scorecard and are indicated in the table below:

| Municipal KPA | Strategic Objective | Five-Year Corporate Scorecard |                  |                  |         |         |         |         |
|---------------|---------------------|-------------------------------|------------------|------------------|---------|---------|---------|---------|
|               |                     | Key Performance Indicator     | Baseline 2011/12 | Proposed Targets |         |         |         |         |
|               |                     |                               |                  | 2012/13          | 2013/14 | 2014/15 | 2015/16 | 2016/17 |



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| Municipal KPA   | Strategic Objective |  | Five-Year Corporate Scorecard |   |                  |                  |         |         |         |         |
|---|---------------------|--|-------------------------------|---|------------------|------------------|---------|---------|---------|---------|
|   |                     |  | Key Performance Indicator     |   | Baseline 2011/12 | Proposed Targets |         |         |         |         |
|   |                     |  |                               |   |                  | 2012/13          | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
| Developing Integrated & Sustainable Human Settlements | 1.1                 | Provide & maintain economic & social infrastructure to ensure infrastructure-led growth & development. | 1A                            | Percentage of budget spend on repairs and maintenance.  | 99%              | 99%              | 99%     | 99%     | 99%     | 99%     |
|   |                     |  | 1B                            | Percentage compliance with drinking water quality standards.  | 95%              | 97%              | 97%     | 97%     | 97%     | 97%     |
|   |                     |  | 1C                            | Percentage spend of capital budget.   | 92%              | 94%              | 95%     | 96%     | 97%     | 97%     |
|   |                     |  | 1D                            | Number of outstanding valid applications for water services expressed as a % of total number of billings for the service.             | New              | < 2%             | < 2%    | < 2%    | < 1%    | < 1%    |
|   |                     |  | 1E                            | Number of outstanding valid applications for sewerage services expressed as a % of total number of billings for the service.          | New              | < 2%             | < 2%    | < 2%    | < 1%    | < 1%    |
|   |                     |  | 1F                            | Number of outstanding valid applications for electricity services expressed as a % of total number of billings for the service.       | New              | < 2%             | < 2%    | < 2%    | < 1%    | < 1%    |
|   |                     |  | 1G                            | Number of outstanding valid applications for refuse collection services expressed as a % of total number of billings for the service. | New              | < 2%             | < 2%    | < 2%    | < 1%    | < 1%    |
|   |                     |  | 1H                            | The number of jobs created through municipality's local economic development initiatives including capital projects                   | 292              | 320              | 350     | 370     | 400     | 420     |
|   | 1.2                 | Promote a sustainable environment through the efficient utilization of resources.                      | 1I                            | Decrease unaccounted water losses.  | 37%              | 32%              | 29%     | 26%     | 23%     | 21%     |



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| Municipal KPA | Strategic Objective |   | Five-Year Corporate Scorecard |   |                  |                  |         |         |         |         |
|---------------|---------------------|---|-------------------------------|---|------------------|------------------|---------|---------|---------|---------|
|               |                     |   | Key Performance Indicator     |   | Baseline 2011/12 | Proposed Targets |         |         |         |         |
|               |                     |   |                               |   |                  | 2012/13          | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|               |                     |   | 1J                            | Decrease unaccounted electricity losses.  | 8%               | 8%               | 8%      | 8%      | 8%      | 8%      |
|               | 1.3                 | Ensure mobility through an effective transport infrastructure.  | 1K                            | Kilometres of roads upgraded & rehabilitated.   | 9.5km            | 7.2 km           | 3.5 km  | 2.6 km  | 2.3 km  | 0 km    |
|               | 1.4                 | Expand staff & capital resources in law enforcement & emergency services to provide improved services to all, especially the most vulnerable communities. | 1L                            | Community Satisfaction survey (Score 1-5) - safety & security.  | New              | 2                | 3       | 3       | 4       | 4       |
|               | 1.5                 | Provide for the needs of informal settlements through improved services.  | 1M                            | Provide basic services - number of informal areas with sufficient communal water service points (taps).                       | New              | 2                | 2       | 2       | 2       | 2       |
|               |                     |   | 1N                            | Provide basic services - number of informal areas with sufficient communal sanitation service points (toilets).               | New              | 2                | 2       | 2       | 2       | 2       |
|               |                     |   | 1O                            | Improve basic services - number of informal settlements receiving a door-to-door refuse collection and area-cleaning service. | New              | 2                | 2       | 2       | 2       | 2       |
|               |                     |   | 1P                            | Number of subsidised electricity connections installed.   | New              | 476              | 0       | 860     | 0       | 860     |
|               | 1.6                 | Provide facilities that make citizens feel at home.   | 1Q                            | Customer satisfaction survey (Score 1-5) - community facilities.  | New              | 2                | 3       | 3       | 4       | 4       |



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| Muni-<br>cipal KPA  | Strategic Objective |  | Five-Year Corporate Scorecard |   |                  |             |             |                 |                 |                 |
|---|---------------------|--|-------------------------------|---|------------------|-------------|-------------|-----------------|-----------------|-----------------|
|   |                     |  | Key Performance Indicator     | Baseline<br>2011/12   | Proposed Targets |             |             |                 |                 |                 |
|   |                     |  |                               |   | 2012/13          | 2013/14     | 2014/15     | 2015/16         | 2016/17         |                 |
| Financial Sustainability                                    | 2.1                 | Ensure financial prudence, with clean audits by the Auditor General.                                     | 2A                            | Opinion of the Auditor-General.   | New              | Unqualified | Unqualified | Unqualifie<br>d | Unqualifie<br>d | Unqualifie<br>d |
|   |                     |  | 2B                            | Financial viability expressed as Debt-Coverage ratio  | 17.1             | 16          | 16          | 16              | 16              | 16              |
| Good Governance, Communication & Institutional Development. | 3.1                 | Maximise the use of available funding & programmes for training & skills development.                    | 3A                            | Percentage budget spent on implementation of Workplace Skills Plan.   | 100%             | 97%         | 98%         | 99%             | 99%             | 100%            |
|   | 3.2                 | Ensure responsiveness by creating an environment where citizens can be communicated with & responded to. | 3B                            | Number of IDP community meetings held.  | 12               | 14          | 14          | 14              | 14              | 14              |
|   | 3.3                 | Ensure a transparent & corruption-free government.   | 3C                            | Number of PRAC meetings held.   | 5                | 5           | 5           | 5               | 5               | 5               |
|   | 3.4                 | Establish an efficient & productive administration that prioritises delivery.                            | 3D                            | Percentage of people from employment equity target groups employed in the three highest levels of management in compliance with the Employment Equity Plan. | New              | 75%         | 78%         | 80%             | 82%             | 85%             |
| Local Economic Development                                  | 4.1                 | Create an enabling environment to attract investment that generates economic growth & job creation.      | 4A                            | Percentage of building plans approved within statutory timeframes (30-60 days)  | 82%              | 85%         | 87%         | 89%             | 90%             | 91%             |



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| Muni-<br>cipal KPA                                | Strategic Objective |   | Five-Year Corporate Scorecard |   |                  |                          |                              |                   |                   |                   |
|---|---------------------|---|-------------------------------|---|------------------|--------------------------|------------------------------|-------------------|-------------------|-------------------|
|   |                     |   | Key Performance Indicator     | Baseline<br>2011/12   | Proposed Targets |                          |                              |                   |                   |                   |
|   |                     |   |                               |   | 2012/13          | 2013/14                  | 2014/15                      | 2015/16           | 2016/17           |                   |
|   | 4.2                 | Leverage the municipality's assets to drive economic growth & sustainable development.        | 4B                            | Revisit Municipal Land Audit and draw up an implementation plan.                | New              | Appoint Property Officer | Develop Implement ation Plan | Implement Phase 1 | Implement Phase 2 | Implement Phase 3 |
| Social Development                                | 5.1                 | Providing a safety net for vulnerable communities.  | 5A                            | Number of account holders subsidised through the municipality's Indigent Policy | 3968             | 3900                     | 3850                         | 3800              | 3750              | 3700              |
|   | 5.2                 | Provide access to social services for those who need it.                                      | 5B                            | Number of social development programmes implemented.                            | New              | 13                       | 15                           | 17                | 19                | 20                |
|   | 5.3                 | Ensure increased access to innovative human settlements for those who need it.                | 5C                            | Number of housing opportunities provided per year.                              | 0                | 260                      | 270                          | 300               | 340               | 370               |
|   | 5.4                 | possible sale or transfer of rental stock to identified beneficiaries, using established      | 5D                            | Number of Rental Stock transferred  | New              | 250                      | 300                          | 350               | 400               | 450               |
| Strategic Partnerships & International Relations. | 6.1                 | To improve safety & security through partnerships.  | 6A                            | Number of meetings held with SAPS   | New              | 4                        | 6                            | 7                 | 8                 | 8                 |
|   | 6.2                 | To maintain & strengthen Inter Governmental Relations with provincial & national departments. | 6B                            | Number of meetings conducted with other state departments.                      | New              | 6                        | 8                            | 10                | 10                | 12                |

Table 91: Service Delivery Priorities for 2013/14



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### 3.1.10 OVERVIEW OF PERFORMANCE PER WARD

#### a) Ward 1 & 12: N'duli

| Capital Projects   |                            |               |               |               |
|--|----------------------------|---------------|---------------|---------------|
| No.  | Project Name and detail    | Start Date    | End Date      | Total Value R |
| 1  | Upgrading Sport facilities | February 2013 | October 2013  | 607 836       |
| 2  | Upgrading Polo Cross Hall  | February 2013 | February 2014 | 789 473       |
| <i>The above analysis includes only the 2 largest capital projects of the ward</i> |                            |               |               |               |

Table 92: Capital projects of N'duli, Wards 1 & 12

| Basic Service Provision   |       |            |             |        |         |
|---|-------|------------|-------------|--------|---------|
| Detail  | Water | Sanitation | Electricity | Refuse | Housing |
| Households with minimum service delivery ( 1373 formal & 832 informal)  | 2 205 | 2 205      | 2 205       | 2 205  |         |
| Households without minimum service delivery   | 0     | 0          | 0           | 0      |         |
| Total Households*   | 2 205 | 2 205      | 2 205       | 2 205  |         |
| Houses completed in year  |       |            |             |        | 0       |
| Shortfall in Housing units  |       |            |             |        | 1 186   |
| *Formal households calculated based on accounts issued (excluding informal households which is actual households) |       |            |             |        |         |

Table 93: Basic Service Provision: N'duli, Wards 1 & 12

| Top Four Service Delivery Priorities for Ward (Highest Priority First) |   |   |
|--|---|---|
| No.  | Priority Name and Detail  | Progress During 2012/13   |
| 1  | Stormwater network  | Regular maintenance took place and project to upgrade to be implemented in 2013/14  |
| 2  | Street lights, and electrical failures due to illegal connections | Regular maintenance took place and project to upgrade to be implemented in 2014/15  |
| 3  | Ablution facilities for informal areas                            | Included in 2012/13 budget but community requested that the project should not be implemented. Consultation ongoing to implement in 2013/14 |
| 4  | Water sewer network management/maintenance                        | Regular maintenance took place and project to upgrade to be implemented in 2013/14  |

Table 94: Top four service delivery priorities for N'duli, Wards 1 & 12

#### b) Ward 3 & 5: CERES

| Capital Projects |
|------------------|
|------------------|



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| No.  | Project Name and detail                            | Start Date    | End Date    | Total Value R |
|--|--|---------------|-------------|---------------|
| 1  | Upgrading of Pine Forest Resort equipment          | July 2012     | June 2013   | 144 446       |
| 2  | Upgrading Traffic Department building              | January 2013  | July 2013   | 234 291       |
| 3  | Upgrading Lyelstr sport facilities (only planning) | February 2013 | March 2014  | 706 873       |
| 4  | Upgrading Municipal Offices                        | February 2013 | June 2013   | 198 312       |
| 5  | Bulk water supply for Hamlet (Koekedouw upgrade)   | October 2012  | August 2013 | 11 500 000    |
| <i>The above analysis includes only the 5 largest capital projects of the ward</i> |  |               |             |               |

Table 95: Capital projects of Ceres, wards 3 & 5

| Basic Service Provision   |       |            |             |        |         |
|---|-------|------------|-------------|--------|---------|
| Detail  | Water | Sanitation | Electricity | Refuse | Housing |
| Households with minimum service delivery  | 2 946 | 2 946      | 2 946       | 2 946  |         |
| Households without minimum service delivery   | 0     | 0          | 0           | 0      |         |
| Total Households*   | 2 946 | 2 946      | 2 946       | 2 946  |         |
| Houses completed in year  |       |            |             |        | 0       |
| Shortfall in Housing units (Ceres & Bella Vista)  |       |            |             |        | 1 842   |
| *Formal households calculated based on accounts issued (excluding informal households which is actual households) |       |            |             |        |         |

Table 96: Basic Service Provision: Ceres, wards 3 & 5

| Top Four Service Delivery Priorities for Ward (Highest Priority First) |   |                             |
|--|---|-----------------------------|
| No.  | Priority Name and Detail                          | Progress During 2012/13     |
| 1  | Maintenance and upgrade of stormwater             | Regular maintenance ongoing |
| 2  | Poor quality/antiquated street lights             | Regular maintenance ongoing |
| 3  | Upgrade of water network                          | Regular maintenance ongoing |
| 4  | Sidewalks to be upgraded/maintained – pedestrians | Regular maintenance ongoing |

Table 97: Top four service delivery priorities for Ceres, wards 3 & 5

### c) Ward 4 & 6: Bella Vista

| Capital Projects   |                                    |               |               |               |
|--|------------------------------------|---------------|---------------|---------------|
| No.  | Project Name and detail            | Start Date    | End Date      | Total Value R |
| 1  | New playgrounds & upgrade of parks | February 2013 | February 2014 | 2 243 786     |
| 2  | Drainage at sportsground           | October 2012  | February 2013 | 104 275       |
| <i>The above analysis includes only the 2 largest capital projects of the ward</i> |                                    |               |               |               |

Table 98: Capital projects of Bella Vista, wards 4 & 6

| Basic Service Provision |  |  |  |  |
|-------------------------|--|--|--|--|
|-------------------------|--|--|--|--|





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| Detail   | Water        | Sanitation   | Electricity  | Refuse       | Housing |
|--|--------------|--------------|--------------|--------------|---------|
| Households with minimum service delivery   | 2 602        | 2 602        | 2 602        | 2 602        |         |
| Households without minimum service delivery  | 0            | 0            | 0            | 0            |         |
| <b>Total Households*</b>   | <b>2 602</b> | <b>2 602</b> | <b>2 602</b> | <b>2 602</b> |         |
| Houses completed in year   |              |              |              |              | 0       |
| Shortfall in Housing units (Ceres & Bella Vista)   |              |              |              |              | 1 842   |
| <i>*Formal households calculated based on accounts issued (excluding informal households which is actual households)</i> |              |              |              |              |         |

Table 99: Basic Service Provision: Bella Vista, wards 4 & 6

| Top Four Service Delivery Priorities for Ward (Highest Priority First) |   |   |
|--|---|---|
| No.  | Priority Name and Detail                          | Progress During 2011/12   |
| 1  | Traffic control/ Speed calming                    | Speedbumps constructed  |
| 2  | Maintenance of parks and open spaces              | Regular maintenance, project to upgrade certain parks implemented for 2013/14 |
| 3  | Water and electrical losses                       | Ongoing maintenance and management programme                                  |
| 4  | Sidewalks to be upgraded/maintained – pedestrians | Regular maintenance   |

Table 100: Top four service delivery priorities for Bella Vista, wards 4 & 6

### d) Ward 4 & 10: Prince Alfred's Hamlet

| Capital Projects   |  |               |                |               |
|--|--|---------------|----------------|---------------|
| No.  | Project Name and detail                            | Start Date    | End Date       | Total Value R |
| 1  | Upgrading of parks & open spaces                   | February 2013 | February 2014  | 2 694 930     |
| 2  | New swimming pool                                  | October 2012  | September 2013 | 5 898 218     |
| 3  | Develop 178 serviced sites at Phase 5              | March 2013    | October 2013   | 4 548 000     |
| 4  | New sewer network at Hamlet Station                | October 2012  | August 2013    | 1 548 000     |
| 5  | Bulk water provision (upgrade of Koekedouw & link) | October 2012  | December 2013  | 15 500 000    |
| <i>The above analysis includes only the 5 largest capital projects of the ward</i> |  |               |                |               |

Table 101: Capital projects of Prince Alfred's Hamlet, wards 4 & 10

| Basic Service Provision   |              |              |              |              |         |
|---|--------------|--------------|--------------|--------------|---------|
| Detail  | Water        | Sanitation   | Electricity  | Refuse       | Housing |
| Households with minimum service delivery (1602 formal & 178 informal) | 1 780        | 1 780        | Eskom        | 1 780        |         |
| Households without minimum service delivery                           | 0            | 0            | 0            | 0            |         |
| <b>Total Households*</b>  | <b>1 780</b> | <b>1 780</b> | <b>Eskom</b> | <b>1 780</b> |         |
| Houses completed in year  |              |              |              |              | 0       |



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| Basic Service Provision  |       |            |             |        |         |
|--|-------|------------|-------------|--------|---------|
| Detail   | Water | Sanitation | Electricity | Refuse | Housing |
| Shortfall in Housing units   |       |            |             |        | 1 225   |
| <i>*Formal households calculated based on accounts issued (excluding informal households which is actual households)</i> |       |            |             |        |         |

Table 102: Basic Service Provision: Prince Alfred's Hamlet, wards 4 & 10

| Top Four Service Delivery Priorities for Ward (Highest Priority First) |   |   |
|--|---|---|
| No.  | Priority Name and Detail  | Progress During 2012/13   |
| 1  | Sidewalks to be upgraded/maintained – pedestrians                 | New sidewalks in Waboom and Reid street completed and project planned for 2014/15 |
| 2  | Traffic control/Speed calming                                     | Speedbump constructed at Oppi-koppi creche  |
| 3  | Unemployment  | Local labour included in various projects   |
| 4  | Street lights, and electrical failures due to illegal connections | Electrical network upgraded at Phase 5 informal settlement                        |

Table 103: Top four service delivery priorities for Prince Alfred's Hamlet, wards 4 & 10

### e) Ward 9: Op-die-Berg

| Capital Projects   |                                    |               |               |               |
|--|------------------------------------|---------------|---------------|---------------|
| No.  | Project Name and detail            | Start Date    | End Date      | Total Value R |
| 1  | Develop 250 low-cost housing sites | February 2013 | August 2013   | 8 600 000     |
| 2  | Upgrade sewer works                | October 2012  | June 2013     | 2 851 464     |
| 3  | Upgrade sport facilities           | June 2012     | February 2013 | 256 310       |
| <i>The above analysis includes only the 3 largest capital projects of the ward</i> |                                    |               |               |               |

Table 104: Capital projects of Op-Die-Berg, ward 9

| Basic Service Provision  |            |            |              |            |         |
|--|------------|------------|--------------|------------|---------|
| Detail   | Water      | Sanitation | Electricity  | Refuse     | Housing |
| Households with minimum service delivery   | 361        | 361        | Eskom        | 361        |         |
| Households without minimum service delivery  | 0          | 0          | 0            | 0          |         |
| <b>Total Households*</b>   | <b>361</b> | <b>361</b> | <b>Eskom</b> | <b>361</b> |         |
| Houses completed in year   |            |            |              |            | 0       |
| Shortfall in Housing units   |            |            |              |            | 570     |
| <i>*Formal households calculated based on accounts issued (excluding informal households which is actual households)</i> |            |            |              |            |         |

Table 105: Basic Service Provision: Op-Die-Berg, ward 9

| Top Three Service Delivery Priorities for Ward (Highest Priority First) |                          |                         |
|---|--------------------------|-------------------------|
| No.   | Priority Name and Detail | Progress During 2011/12 |



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| Top Three Service Delivery Priorities for Ward (Highest Priority First) |   |  |
|---|---|--|
| No.   | Priority Name and Detail  | Progress During 2011/12  |
| 1   | Upgrade of roads  | Certain roads to be surfaced in 2013/14                                    |
| 2   | Street lights, and electrical failures due to illegal connections | Maintenance on streetlights, electrical failures reported to Eskom         |
| 3   | Sports and recreation facilities                                  | New netball courts constructed and ablution facilities planned for 2013/14 |

**Table 106:** Top three service delivery priorities for Op-Die-Berg, ward 9

### f) Ward 7 & 11: Tulbagh

| Capital Projects   |   |              |               |               |
|--|---|--------------|---------------|---------------|
| No.  | Project Name and detail                             | Start Date   | End Date      | Total Value R |
| 1  | Develop 476 low-cost serviced sites                 | August 2011  | March 2013    | 21 420 000    |
| 2  | Construct 476 low-cost houses                       | January 2013 | February 2014 | 33 320 000    |
| 3  | Bulk services & surfaced roads for low-cost housing | August 2011  | October 2013  | 21 500 000    |
| 4  | Upgrade water treatment works                       | August 2012  | June 2013     | 7 732 000     |
| 5  | Upgrade Meiringsingel pumpstation                   | July 2012    | February 2013 | 2 365 300     |
| 6  | Upgrade Tulbagh Roads                               | October 2012 | Nov 2013      | 4 500 000     |
| <i>The above analysis includes only the 6 largest capital projects of the ward</i> |   |              |               |               |

**Table 107:** Capital projects of Tulbagh, wards 7 & 11

| Basic Service Provision  |              |              |              |              |         |
|--|--------------|--------------|--------------|--------------|---------|
| Detail   | Water        | Sanitation   | Electricity  | Refuse       | Housing |
| Households with minimum service delivery (2262 formal & 288 informal)  | 2 550        | 2 550        | 2 550        | 2 550        |         |
| Households without minimum service delivery  | 0            | 0            | 0            | 0            |         |
| <b>Total Households*</b>   | <b>2 550</b> | <b>2 550</b> | <b>2 550</b> | <b>2 550</b> |         |
| Houses completed in year (166 houses & 49 serviced sites)  |              |              |              |              | 215     |
| Shortfall in Housing units   |              |              |              |              | 1 374   |
| <i>*Formal households calculated based on accounts issued (excluding informal households which is actual households)</i> |              |              |              |              |         |

**Table 108:** Basic Service Provision: Tulbagh, wards 7 & 11

| Top Four Service Delivery Priorities for Ward (Highest Priority First) |   |   |
|--|---|---|
| No.  | Priority Name and Detail                | Progress During 2012/13   |
| 1  | Resealing and rehabilitation of streets | Waterkant, Buitekant and new housing development roads upgraded and re-surfaced |
| 2  | Maintenance and upgrade of storm water  | Stormwater upgraded with construction of roads and regular maintenance          |



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| Top Four Service Delivery Priorities for Ward (Highest Priority First) |                                  |   |
|--|----------------------------------|---|
| No.  | Priority Name and Detail         | Progress During 2012/13                             |
| 3  | Traffic services                 | Traffic services implemented according to programme |
| 4  | Sports and recreation facilities | Facilities upgraded and to be completed in 2013/14  |

**Table 109:** Top four service delivery priorities for Tulbagh, wards 7 & 11

### g) Ward 2 & 7: Wolseley

| Capital Projects   |  |               |                |               |
|--|--|---------------|----------------|---------------|
| No.  | Project Name and detail                              | Start Date    | End Date       | Total Value R |
| 1  | Upgrading sport facilities (Pine Valley soccerfield) | February 2013 | April 2014     | 2 747 334     |
| 2  | Surfacing of Pine Valley roads                       | July 2012     | September 2012 | 4 145 101     |
| 3  | Upgrade sewer works                                  | July 2012     | March 2013     | 3 477 661     |
| 4  | Upgrade Voortrekkerstr (contribution)                | June 2011     | April 2013     | 2 400 000     |
| 5  | Urban renewal (Montana, Pine Valley)                 | March 2012    | April 2013     | 1 750 438     |
| <i>The above analysis includes only the 5 largest capital projects of the ward</i> |  |               |                |               |

**Table 110:** Capital projects of Wolseley, wards 2 & 7

| Basic Service Provision   |       |            |             |        |         |
|---|-------|------------|-------------|--------|---------|
| Detail  | Water | Sanitation | Electricity | Refuse | Housing |
| Households with minimum service delivery (2891 formal & 236 informal)   | 3 127 | 3 127      | 3 127       | 3 127  |         |
| Households without minimum service delivery   | 0     | 0          | 0           | 0      |         |
| Total Households*   | 3 127 | 3 127      | 3 127       | 3 127  |         |
| Houses completed in year  |       |            |             |        | 0       |
| Shortfall in Housing units  |       |            |             |        | 1 668   |
| *Formal households calculated based on accounts issued (excluding informal households which is actual households) |       |            |             |        |         |

**Table 111:** Basic Service Provision: Wolseley, wards 2 & 7

| Top Four Service Delivery Priorities for Ward (Highest Priority First) |   |  |
|--|---|--|
| No.  | Priority Name and Detail                | Progress During 2012/13  |
| 1  | Maintenance and upgrade of stormwater   | Regular maintenance and Voortrekker Street stormwater upgraded |
| 2  | Resealing and rehabilitation of streets | Roads in Pine Valley surfaced and regular maintenance          |
| 3  | Speed calming                           | Regular maintenance and law enforcement                        |
| 4  | Poor quality/antiquated street lights   | Regular maintenance of street lights                           |

**Table 112:** Top four service delivery priorities for Wolseley, wards 2 & 7



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### 3.1.11 SERVICE PROVIDERS STRATEGIC PERFORMANCE

Section 76(b) of the MSA states that KPIs should inform the indicators set for every municipal entity and service provider with whom the municipality has entered into a service delivery agreement. A service provider:

- means a person or institution or any combination of persons and institutions which provide to or for the benefit of the local community
- External service provider means an external mechanism referred to in section 76(b) which provides a municipal service for a municipality
- Service delivery agreement means an agreement between a municipality and an institution or person mentioned in section 76(b) in terms of which a municipal service is provided by that institution or person, either for its own account or on behalf of the municipality

During the year under review the municipality did not appoint any service providers who provided municipal services to or for the benefit of the local community on behalf of the municipality and therefore this report contains no such details. All other contract appointments are regularly monitored in terms of Section 51(3) of the Supply Chain Management Policy which stipulates that vendor performance must be monitored as follows:

- a) Each project manager shall monitor the supplier's compliance and performance to the set of specifications.
- b) If the supplier fails to perform in accordance with the specification requirements, the project manager must report such failure to the supplier in writing immediately upon becoming aware of such non-compliance for them to correct the situation.
- c) The above information will be kept and made available for future evaluation purposes, contract negotiations and regular feedback to vendors.
- d) If vendors fail to deliver in terms of paragraph 23(1)(a) of the General conditions of the contract, the municipality reserves the right to make use of remedies at its disposal in terms of applicable law.

### 3.1.12 MUNICIPAL FUNCTIONS

#### a) Analysis of Functions

The municipal functional areas are as indicated below:

| Municipal Function                         | Municipal Function:<br>Yes / No |
|--|---------------------------------|
| Constitution Schedule 4, Part B functions: |                                 |
| Air pollution                              | Yes                             |
| Building regulations                       | Yes                             |
| Child care facilities                      | No (support)                    |
| Electricity and gas reticulation           | Yes                             |



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| Municipal Function  | Municipal Function:<br>Yes / No         |
|---|---|
| Firefighting services   | Yes                                     |
| Local tourism   | No (support)                            |
| Municipal airports  | No                                      |
| Municipal planning  | Yes                                     |
| Municipal health services   | No                                      |
| Municipal public transport  | No (only planning & operating licenses) |
| Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law | Yes                                     |
| Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto   | No                                      |
| Storm water management systems in built-up areas  | Yes                                     |
| Trading regulations   | Yes                                     |
| Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems  | Yes                                     |
| <b>Constitution Schedule 5, Part B functions:</b>   |   |
| Beaches and amusement facilities  | Yes                                     |
| Billboards and the display of advertisements in public places   | Yes                                     |
| Cemeteries, funeral parlours and crematoria   | Yes                                     |
| Cleansing   | Yes                                     |
| Control of public nuisances   | Yes                                     |
| Control of undertakings that sell liquor to the public  | Yes                                     |
| Facilities for the accommodation, care and burial of animals  | Yes                                     |
| Fencing and fences  | Yes                                     |
| Licensing of dogs   | Yes                                     |
| Licensing and control of undertakings that sell food to the public  | No                                      |
| Local amenities   | Yes                                     |
| Local sport facilities  | Yes                                     |
| Markets   | No                                      |
| Municipal abattoirs   | No                                      |
| Municipal parks and recreation  | Yes                                     |
| Municipal roads   | Yes                                     |
| Noise pollution   | Yes                                     |
| Pounds  | Yes                                     |
| Public places   | Yes                                     |
| Refuse removal, refuse dumps and solid waste disposal   | Yes                                     |
| Street trading  | Yes                                     |
| Street lighting   | Yes                                     |



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| Municipal Function  | Municipal Function:<br>Yes / No |
|---------------------|---------------------------------|
| Traffic and parking | Yes                             |

Table 113: Functional Areas

### COMPONENT A: BASIC SERVICES

This component includes basic service delivery highlights and challenges, includes details of services provided for water, waste water (sanitation), electricity, waste management, housing services and a summary of free basic services.

#### 3.2 WATER PROVISION

##### 3.2.1 INTRODUCTION

The Water services department is responsible for the bulk supply, treatment and distribution of safe drinking water to Tulbagh, Wolseley, Ceres, Prince Alfred Hamlet and Op-die-Berg. All the towns within Witzenberg has Blue Drop status, and we also scored in the top ten nationally.

##### 3.2.2 HIGHLIGHTS

| Highlights               | Description                                       |
|--------------------------|---|
| Kleinberg River pipeline | Completion of the bulk water supply pipeline      |
| Unaccounted water        | Decrease the unaccounted water from 34% to 21.69% |

Table 114: Water Services Highlights

##### 3.2.3 CHALLENGES

| Challenges              | Description   |
|-------------------------|---|
| Informal areas          | More standpipes, awareness campaigns                                      |
| Water Demand Management | Implement the Water Demand Management Strategy. Awareness of water saving |
| Supply in rural areas   | Service agreements with land owners.                                      |

Table 115: Water Services Challenges

##### 3.2.4 WATER SERVICE DELIVERY LEVELS

Total Use of Water by Sector (cubic meters)

| Year | All          | Unaccountable water losses |
|------|--------------|----------------------------|
|      | Cubic meters |                            |



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| Year      | All          | Unaccountable water losses |
|-----------|--------------|----------------------------|
|           | Cubic meters |                            |
| 2011/12   | 6 666 784    | 2 289 674                  |
| 2012/2013 | 6 786 705    | 1 472 036                  |

**Table 116: Total use of water by sector (cubic meters)**

Water losses decreased from 2 289 674 (34.34%) in the 2011/12 financial year to 1 472 036 (21.69%) in the 2012/13 financial year.

Below is a table that specifies the different water service delivery levels per households for the financial years 2011/12 and 2012/13: Note that the 2011/12 “piped water inside dwelling” number is made up of accounts and not a true reflection of households. Other figures are for households. The figures exclude rural areas.

| Description   | 2011/12       | 2012/13       |
|---|---------------|---------------|
|   | Actual        | Actual        |
| <b>Household</b>  |               |               |
| <b><u>Water: (above minimum level)</u></b>  |               |               |
| Piped water inside dwelling   | 15 160        | 11 785        |
| Piped water inside yard (but not in dwelling)   | 21            | 70            |
| Using public tap (within 200m from dwelling )   | 1 217         | 1 537         |
| Other water supply (within 200m)  | 0             | 0             |
| <b>Minimum Service Level and Above Sub-total</b>  | <b>16 398</b> | <b>13 392</b> |
| <b>Minimum Service Level and Above Percentage</b>   | <b>100</b>    | <b>100</b>    |
| <b><u>Water: (below minimum level)</u></b>  |               |               |
| Using public tap (more than 200m from dwelling)   | 0             | 0             |
| Other water supply (more than 200m from dwelling)   | 0             | 0             |
| No water supply   | 0             | 0             |
| <b>Below Minimum Service Level Sub-total</b>  | <b>0</b>      | <b>0</b>      |
| <b>Below Minimum Service Level Percentage</b>   | <b>0</b>      | <b>0</b>      |
| <b>Total number of households (formal and informal)</b>   | <b>16 398</b> | <b>13 392</b> |
| <b><i>*Formal households calculated based on accounts issued (excluding informal households which is actual households)</i></b> |               |               |

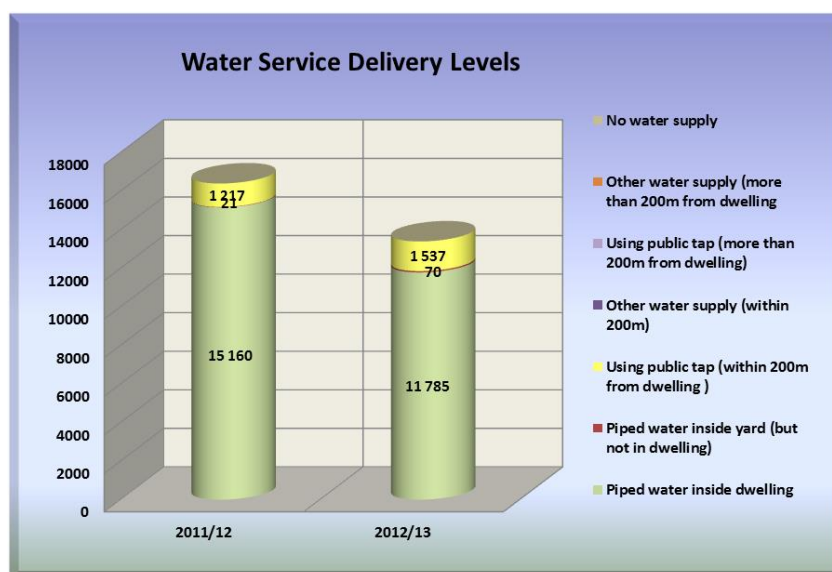
**Table 117: Water service delivery levels**

The graph below shows the different water service delivery levels per total households and the progress per year:





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Graph 20: Water Service Delivery Levels

### 3.2.5 SERVICE DELIVERY INDICATORS: WATER SERVICES

| Ref | Strategic Objective   | KPI   | Actual 2011/12   | Overall performance 2011/12 |        |
|-----|---|---|--|-----------------------------|--------|
|     |   |   |  | Target                      | Actual |
| 1B  | Provide & maintain economic & social infrastructure to ensure infrastructure-led growth & development | Percentage compliance with drinking water standards.  | New performance indicator for 2012/13. No comparatives available | 97%                         | 100%   |
| 1D  | Provide & maintain economic & social infrastructure to ensure infrastructure-led growth & development | Number of outstanding valid applications for water services expressed as a % of total number of billings for the service. | New performance indicator for 2012/13. No comparatives available | 2%                          | 0%     |
| 1I  | Promote a sustainable environment through the efficient utilization of resources                      | Effective management of water provisioning systems to limit unaccounted water   | New performance indicator for 2012/13. No comparatives available | 32%                         | 21%    |
| 1M  | Provide for the needs of informal settlements through improved services                               | Provide basic services - number of informal areas with sufficient communal water service points (taps).                   | New performance indicator for 2012/13. No comparatives available | 2                           | 2      |

Table 118: Service delivery indicators: Water services

### 3.2.6 EMPLOYEES: WATER SERVICES

| Employees: Water Services Services* |           |           |                                  |                                   |
|-------------------------------------|-----------|-----------|----------------------------------|-----------------------------------|
| Job Level                           | 2011/12   | 2012/13   |                                  |                                   |
|                                     | Employees | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |

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|   | No.       | No.       | No.      | %        |
|---|-----------|-----------|----------|----------|
| 0 - 3   | 30        | 30        | 0        | 0        |
| 4 - 6   | 1         | 1         | 0        | 0        |
| 7 - 9   | 17        | 17        | 0        | 0        |
| 10 - 12   | 0         | 0         | 0        | 0        |
| 13 - 15   | 1         | 1         | 0        | 0        |
| <b>Total</b>  | <b>49</b> | <b>49</b> | <b>0</b> | <b>0</b> |
| <i>Employees and Posts numbers are as at 30 June.</i> |           |           |          |          |

Table 119: Employees: Water Services

### 3.2.7 CAPITAL EXPENDITURE – WATER SERVICES

| Capital Projects   | 2012/13       |                   |                    |                                 |                     |
|--|---------------|-------------------|--------------------|---------------------------------|---------------------|
|  | Budget        | Adjustment Budget | Actual Expenditure | Variance from adjustment budget | Total Project Value |
| R' 000   |               |                   |                    |                                 |                     |
| <b>Total All</b>   | <b>23 991</b> | <b>26 095</b>     | <b>25 289</b>      | <b>3%</b>                       | <b>25 289</b>       |
| Tulbagh Bulk & link water supply for low-cost housing  | 144           | 1 352             | 1 352              | 0%                              | 1 352               |
| Tulbagh WTW, and link pipeline   | 7 500         | 7 799             | 7 732              | 1%                              | 7 799               |
| Bulk water provision PAH   | 7 017         | 11 417            | 10 829             | 5%                              | 15 500              |
| Bulk water Kleinberg Tulbagh pipeline  | 3 508         | 2 091             | 2 044              | 2%                              | 7 500               |
| <i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i> |               |                   |                    |                                 |                     |

Table 120: Capital Expenditure 2012/13: Water Services

## 3.3 WASTE WATER (SANITATION) PROVISION

### 3.3.1 INTRODUCTION

The sewerage section delivers a service to all the towns within Witzenberg, which includes the networks, treatment works as well as a tanker service to Prince Alfred Hamlet and the rural areas. The town of Ceres has Green Drop status, with all the other towns scoring very high. Nationally we also scored in the top ten.



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### 3.3.2 HIGHLIGHTS

| Highlights  | Description  |
|---|--|
| Upgrade of Wolseley and Op-die-Berg Waste Water Treatment Works | The Waste Water Treatment Works of Wolseley and Op-die-Berg was upgraded in the 2012/2013 financial year |

Table 121: Sanitation Services Highlights

### 3.3.3 CHALLENGES

| Challenges                                 | Description   |
|--|---|
| Informal areas                             | More toilets and awareness  |
| Upgrade of the Waste Water Treatment Works | Upgrade of the Waste Water Treatment Works to achieve Green Drop status and to accommodate industrial effluent. |

Table 122: Sanitation Services Challenges

### 3.3.4 SANITATION SERVICE DELIVERY LEVELS

Below are a table that specifies the different sanitation service delivery levels per households for the financial years 2011/12 and 2012/13: Note that the 2011/12 “flushed toilet” number is made up of accounts and not a true reflection of households. Other figures are for households. The figures exclude rural areas.

| Description  | 2011/12       | 2012/13       |
|--|---------------|---------------|
|  | Actual        | Actual        |
| <b>Household</b>   |               |               |
| <b><u>Sanitation/sewerage:</u> (above minimum level)</b> |               |               |
| Flush toilet (connected to sewerage)                     | 16 377        | 11 059        |
| Flush toilet (with septic tank)                          | 352           | 726           |
| Chemical toilet  | 41            | 71            |
| Pit toilet (ventilated)                                  | 0             | 0             |
| Other toilet provisions (above minimum service level)    | 0             | 0             |
| <b>Minimum Service Level and Above Sub-total</b>         | <b>16 770</b> | <b>11 856</b> |
| <b>Minimum Service Level and Above Percentage</b>        | <b>100</b>    | <b>100</b>    |
| <b><u>Sanitation/sewerage:</u> (below minimum level)</b> |               |               |
| Bucket toilet  | 0             | 0             |
| Other toilet provisions (below minimum service level)    | 0             | 0             |
| No toilet provisions                                     | 0             | 0             |
| <b>Below Minimum Service Level Sub-total</b>             | <b>0</b>      | <b>0</b>      |
| <b>Below Minimum Service Level Percentage</b>            | <b>0</b>      | <b>0</b>      |
| <b>Total number of households (formal and informal)</b>  | <b>16 770</b> | <b>11 856</b> |



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Description  | 2011/12 | 2012/13 |
|--|---------|---------|
|  | Actual  | Actual  |
| <u>Household</u>   |         |         |
| <i>*Formal households calculated based on accounts issued (excluding informal households which is actual households)</i> |         |         |

Table 123: Sanitation service delivery levels

The graph below shows the different sanitation service delivery levels per total households and the progress per year:

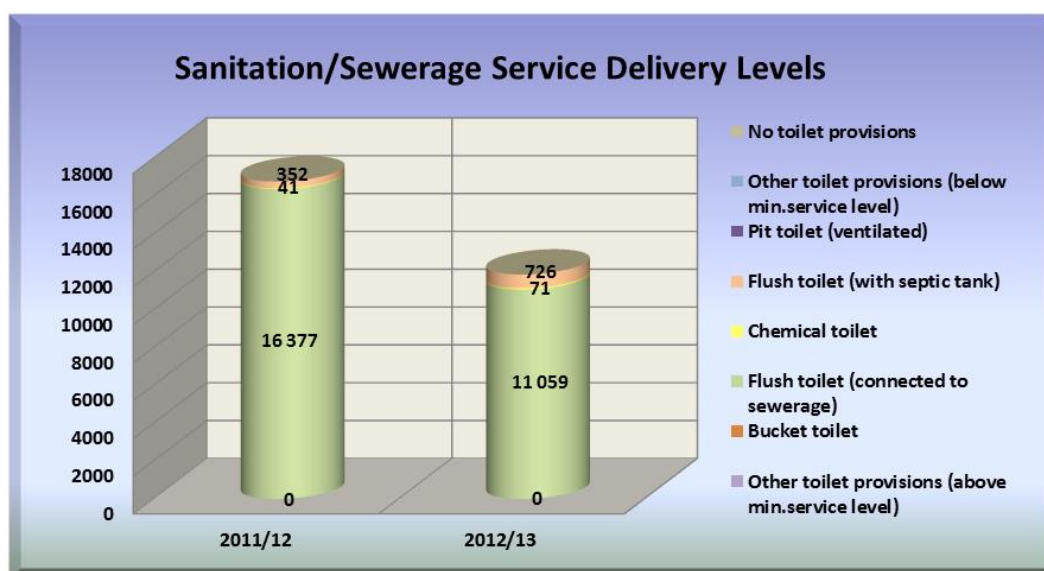


Table 124: Sanitation/Sewerage Service Delivery Levels

### 3.3.5 SERVICE DELIVERY INDICATORS: SANITATION SERVICES

| Ref | Strategic Objective   | KPI  | Actual 2011/12   | Overall performance 2011/12 |        |
|-----|---|--|--|-----------------------------|--------|
|     |   |  |  | Target                      | Actual |
| 1E  | Provide & maintain economic & social infrastructure to ensure infrastructure-led growth & development | Number of outstanding valid applications for sewerage services expressed as a % of total number of billings for the service. | New performance indicator for 2012/13. No comparatives available | 2%                          | 0%     |
| 1N  | Provide for the needs of informal settlements through improved services                               | Provide basic services - number of informal areas with sufficient communal sanitation service points (toilets).              | New performance indicator for 2012/13. No comparatives available | 2                           | 2      |

Table 125: Service delivery indicators: Water services

### 3.3.6 CAPITAL EXPENDITURE – SANITATION SERVICES

| Capital Projects | 2012/13 |
|------------------|---------|
|------------------|---------|



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

|  | Budget        | Adjustment Budget | Actual Expenditure | Variance from adjustment budget | Total Project Value |
|--|---------------|-------------------|--------------------|---------------------------------|---------------------|
| R' 000   |               |                   |                    |                                 |                     |
| <b>Total All</b>   | <b>12 085</b> | <b>16 779</b>     | <b>16 503</b>      | <b>1%</b>                       | <b>16 503</b>       |
| ODB sewer works  | 2 500         | 2 851             | 2 851              | 0%                              | 2 851               |
| Meiringsingel pumpstation Tulbagh  | 1 500         | 2 388             | 2 365              | 1%                              | 2 365               |
| Wolseley WWTW uograde  | 4 000         | 3 508             | 3 477              | 1%                              | 3 477               |
| Extension sewer network Hamlet Station   | 1 150         | 1 537             | 1 448              | 6%                              | 1 548               |
| <i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i> |               |                   |                    |                                 |                     |

Table 126: Capital Expenditure 2012/13: Sanitation Services

### 3.4 ELECTRICITY

#### 3.4.1 INTRODUCTION

The National Energy Regulator was established to be the custodian and enforcer of the National Electricity Regulatory Framework. The NERSA provide the framework for licenses, generation, transmission, distribution and trading in South Africa.

All erven within the boundaries of Witzenberg Municipality has access to electricity. Eskom supplies electricity to Op-Die-Berg, Prince Alfred Hamlet and the rural areas inclusive of the low cost housing. The municipality has a license to reticulate electricity to all other developed areas.

All qualifying and identified indigent households receive free basic water and electricity as per national government's policy. However servicing informal settlement with electricity is a never-ending struggle. New low cost housing developments for 2013/2014 is 200 houses for Pine Valley (Wolseley), 350 for Bella Vista (Ceres) and 2900 households for 2014 onwards. The Electricity Master Plan for Ceres, Wolseley and Tulbagh was developed in 2011.

Local Government plays a very important role in the provision of electricity. Section 153 of the Constitution places the responsibility on municipalities to ensure the provision of services to communities in a sustainable manner for economic and social support.

#### 3.4.2 HIGHLIGHTS

| Highlights                             | Description   |
|--|---|
| Chris Hani, Helpmekaar housing project | MV, LV and street lighting networks for 378 topstructures   |
| Roll-out of GIS for revenue protection | GIS can now be used to monitor low consumption accounts and billing discrepancies in order to monitor and reduce unaccounted for energy purchases |



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Highlights  | Description   |
|---|---|
| Implementation of planned maintenance plan  | The plan is designed to guide personnel carrying out maintenance work and record maintenance done               |
| Upgrade of MV supply to Wolseley industrial area  | Installation of MV lines, cables and switchgear to improve quality of supply to the industrial area in Wolseley |
| Installation of bulk energy meters in distribution substations in Wolseley and verification of sales data | Meters are used to measure energy sent out so that the sales can be checked to ensure minimum losses            |

**Table 127: Electricity Highlights**

### 3.4.3 CHALLENGES

| Challenges   | Description   |
|--|---|
| Sufficient planned maintenance for optimal operation and maintenance of assets                 | Lack of suitable human and other resources (such as old vehicles that are uneconomical to repair) to carry out effective planned maintenance  |
| Provision of adequate MV network capacity to meet the demands of industry and housing projects | Capital funding for external bulk supply to subsidised housing projects within a distance up to 3 kolometers from an existing supply are not funded by the INEP. Own funds for MV distribution networks are not available |

**Table 128: Electricity Challenges**

| Major towns | Notified Maximum Demand (NMD) | Maximum Demand Growth (NMD) | Maximum Demand Peak (NMD) |
|-------------|-------------------------------|-----------------------------|---------------------------|
| Ceres       | 34                            | 1                           | 35                        |
| Wolseley    | 4.5                           | 0                           | 4.5                       |
| Tulbagh     | 3.5                           | 0                           | 3.5                       |

**Table 129: Electricity Notified Maximum Demand**

The energy losses for the 2011/12 financial year was **8.54%** whilst the losses in the 2012/2013 financial year was **8.37%**. The percentages indicate that losses are well maintained and managed within the national benchmark of 10%. Management processes are, however, on-going to achieve an even lower rate of losses.

### 3.4.4 ELECTRICITY SERVICE DELIVERY LEVELS

| Description                                       | 2011/12       | 2012/13       |
|---|---------------|---------------|
|   | Actual        | Actual        |
| <b>Household</b>                                  |               |               |
| <b><i>Energy: (above minimum level)*</i></b>      |               |               |
| Electricity (at least minimum service level)      | 2 680         | 3 018         |
| Electricity - prepaid (minimum service level)     | 9 509         | 9 617         |
| <b>Minimum Service Level and Above Sub-total</b>  | <b>12 189</b> | <b>12 635</b> |
| <b>Minimum Service Level and Above Percentage</b> | <b>94</b>     | <b>93.03</b>  |

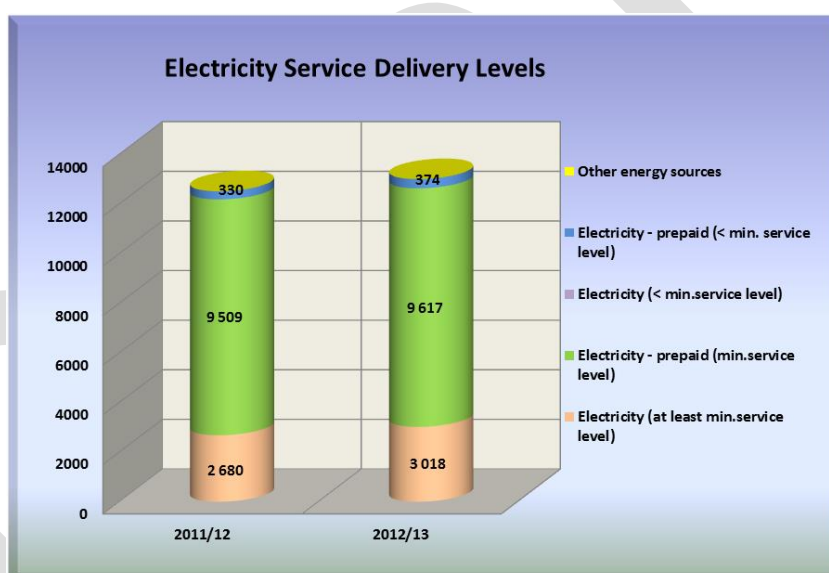


## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Description  | 2011/12       | 2012/13       |
|--|---------------|---------------|
|  | Actual        | Actual        |
| <b>Household</b>   |               |               |
| <b>Energy: (below minimum level)</b>   |               |               |
| Electricity (< minimum service level)  | 0             | 0             |
| Electricity - prepaid (< min. service level)   | 0             | 0             |
| Other energy sources   | 746           | 506           |
| <b>Below Minimum Service Level Sub-total</b>   | <b>746</b>    | <b>440</b>    |
| <b>Below Minimum Service Level Percentage</b>  | <b>6</b>      | <b>6.97</b>   |
| <b>Total number of households (formal and informal)</b>  | <b>12 935</b> | <b>13 581</b> |
| *The 2011/12 and 2012/13 "households above minimum level (not pre-paid)" number is made up of accounts and not a true reflection of households. The actual for below minimum level are households without an electricity connection in the informal settlements. Dept. of Energy does not fund these connections if households are not on a formalised plot. |               |               |

Table 130: Electricity service delivery levels

The graph below shows the different electricity service delivery levels per total households and the progress per year:



Graph 21: Electricity Service Delivery Levels

### 3.4.5 SERVICE DELIVERY INDICATORS: ELECTRICITY

| Ref | Strategic Objective   | KPI   | Actual 2011/12   | Overall performance 2011/12 |        |
|-----|---|---|--|-----------------------------|--------|
|     |   |   |  | Target                      | Actual |
| 1F  | Provide & maintain economic & social infrastructure to ensure infrastructure-led growth & development | Number of outstanding valid applications for electricity services expressed as a % of total number of billings for the service. | New performance indicator for 2012/13. No comparatives available | 2%                          | 0%     |



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Ref | Strategic Objective  | KPI   | Actual 2011/12   | Overall performance 2011/12 |        |
|-----|--|---|--|-----------------------------|--------|
|     |  |   |  | Target                      | Actual |
| 1J  | Promote a sustainable environment through the efficient utilization of resources | Management of electricity losses                        | New performance indicator for 2012/13. No comparatives available | 8%                          | 8%     |
| 1P  | Provide for the needs of informal settlements through improved services          | Number of subsidised electricity connections installed. | New performance indicator for 2012/13. No comparatives available | 476                         | 157    |

Table 131: Service delivery indicators: Electricity

### 3.4.6 EMPLOYEES: ELECTRICITY

| Employees: Electricity |           |           |                                  |                                   |
|------------------------|-----------|-----------|----------------------------------|-----------------------------------|
| Job Level              | 2011/12   | 2012/13   |                                  |                                   |
|                        | Employees | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
|                        | No.       | No.       | No.                              | %                                 |
| 0 - 3                  | 23        | 23        | 0                                | 0                                 |
| 4 - 6                  | 6         | 6         | 0                                | 0                                 |
| 7 - 9                  | 2         | 2         | 0                                | 0                                 |
| 10 - 12                | 9         | 9         | 0                                | 0                                 |
| 13 - 15                | 1         | 1         | 0                                | 0                                 |
| <b>Total</b>           | <b>41</b> | <b>41</b> | <b>0</b>                         | <b>0</b>                          |

Employees and Posts numbers are as at 30 June.

Table 132: Employees: Electricity

### 3.4.7 CAPITAL EXPENDITURE – ELECTRICITY SERVICES

| Capital Projects                      | 2012/13      |                   |                    |                                 |                     |
|---------------------------------------|--------------|-------------------|--------------------|---------------------------------|---------------------|
|                                       | Budget       | Adjustment Budget | Actual Expenditure | Variance from adjustment budget | Total Project Value |
| R'000                                 |              |                   |                    |                                 |                     |
| <b>Total All</b>                      | <b>3 925</b> | <b>3 343</b>      | <b>3 311</b>       | <b>1%</b>                       | <b>3 311</b>        |
| Network Chris Hani                    | 2 200        | 1 052             | 1 052              | 0%                              | 1 052               |
| Street lighting Chris Hani 600        | 870          | 870               | 870                | 0%                              | 870                 |
| 11 kV supply Industrial area Wolseley | 400          | 400               | 375                | 6%                              | 400                 |





## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Capital Projects  | 2012/13 |                   |                    |                                 |                     |
|---|---------|-------------------|--------------------|---------------------------------|---------------------|
|   | Budget  | Adjustment Budget | Actual Expenditure | Variance from adjustment budget | Total Project Value |
| Remote metering   | 200     | 200               | 197                | 1%                              | 200                 |
| <i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)</i> |         |                   |                    |                                 |                     |

**Table 133:** Capital Expenditure 2012/13: Electricity Services

### 3.5 WASTE MANAGEMENT (REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

#### 3.5.1 INTRODUCTION

The Witzenberg Integrated Waste Management Plan is a statutory requirement of the New National Environmental Management: Waste Act 2008 (Act No. 59 of 2008) which came into effect on 1 July 2009 and has as its goal the transformation of waste management collection and disposal to a sustainable practice focusing on waste avoidance and environmental sustainability. Witzenberg have a 100% refuse removal at least once a week by kerbside collection. A standard collection plan were implemented where collection in each town takes place on separate days.

We also employed temporary labourers from communities for street cleaning. Services were rendered to formal and informal settlements and includes: Black bag and green bag system, public awareness, waste disposal (landfill sites), cleansing and public toilets & skips (garden refuse).

#### 3.5.2 HIGHLIGHTS

| Highlights                         | Description               |
|------------------------------------|---------------------------|
| Greenbags ( garden )               | Weekly (two bag system)   |
| First runner up (waste management) | Greenest town competition |
| Integrated waste management plan   | Sector plan in IDP        |
| National outcome 10 target         | 80% licenced waste sites  |

**Table 134:** Refuse removal service Highlights

#### 3.5.3 CHALLENGES

| Challenges                              | Description                    |
|---|--------------------------------|
| Rehabilitation of landfill site (Ceres) | Budget in excess of R6 million |
| Reporting accurate waste (DEADP)        | Lack of weighbridge            |
| Regional landfill site (WCDM)           | Transfer stations              |



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| Challenges                   | Description  |
|------------------------------|--|
| Solid waste tariff structure | Guidelines for solid waste tariff structure (DEA ) |

Table 135: Refuse removal service Challenges

### 3.5.4 REFUSE REMOVAL (SOLID WASTE) SERVICE DELIVERY LEVELS

The table below indicates the different refuse removal service delivery level standards of the Municipality:

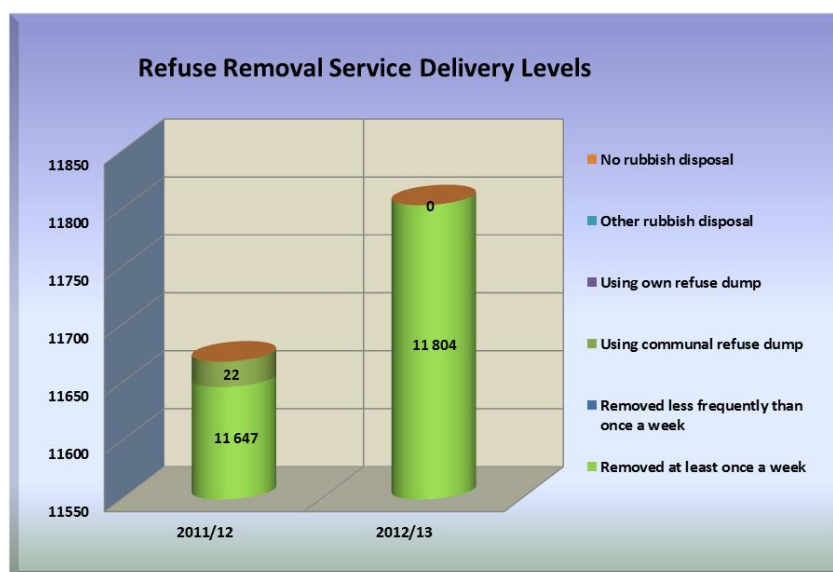
| Description  | 2011/12       | 2012/13       |
|--|---------------|---------------|
|  | Outcome       | Actual        |
| <b>Household</b>   |               |               |
| <b><u>Refuse Removal: (Minimum level)</u></b>  |               |               |
| Removed at least once a week   | 11 647        | 11 804        |
| <b>Minimum Service Level and Above Sub-total</b>   | <b>11 647</b> | <b>11 804</b> |
| <b>Minimum Service Level and Above Percentage</b>  | <b>100</b>    | <b>100</b>    |
| <b><u>Refuse Removal: (Below minimum level)</u></b>  |               |               |
| Removed less frequently than once a week   | 0             | 0             |
| Using communal refuse dump   | 0             | 0             |
| Using own refuse dump  | 0             | 0             |
| Other rubbish disposal   | 0             | 0             |
| No rubbish disposal  | 0             | 0             |
| <b>Below Minimum Service Level Sub-total</b>   | <b>0</b>      | <b>0</b>      |
| <b>Below Minimum Service Level percentage</b>  | <b>0</b>      | <b>0</b>      |
| <b>Total number of households (formal and informal)</b>  | <b>11 647</b> | <b>11 804</b> |
| <i>*Formal households calculated based on accounts issued (excluding informal households which is actual households)</i> |               |               |

Table 136: Refuse removal service delivery levels

The graph below shows the different refuse removal service delivery levels per total households and the progress per year:



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Graph 22: Refuse Removal Service Delivery levels

### 3.5.5 SERVICE DELIVERY INDICATORS: REFUSE REMOVAL SERVICE

| Ref | Strategic Objective   | KPI   | Actual 2011/12   | Overall performance 2011/12 |        |
|-----|---|---|--|-----------------------------|--------|
|     |   |   |  | Target                      | Actual |
| 1G  | Provide & maintain economic & social infrastructure to ensure infrastructure-led growth & development | Number of outstanding valid applications for waste removal services expressed as a % of total number of billings for the service. | New performance indicator for 2012/13. No comparatives available | 2%                          | 0%     |
| 1O  | Provide for the needs of informal settlements through improved services                               | Provide basic services - number of informal areas receiving a door-to-door refuse collection and area-cleaning service.           | New performance indicator for 2012/13. No comparatives available | 2                           | 2      |

Table 137: Service delivery indicators: Refuse removal service

### 3.5.6 EMPLOYEES: REFUSE REMOVAL SERVICE

| Employees: Refuse removal service |           |           |                                  |                                   |
|-----------------------------------|-----------|-----------|----------------------------------|-----------------------------------|
| Job Level                         | 2011/12   | 2012/13   |                                  |                                   |
|                                   | Employees | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
|                                   | No.       | No.       | No.                              | %                                 |
| 0 - 3                             | 74        | 74        | 0                                | 0                                 |
| 4 - 6                             | 4         | 4         | 0                                | 0                                 |
| 7 - 9                             | 14        | 14        | 0                                | 0                                 |
| 10 - 12                           | 1         | 1         | 0                                | 0                                 |

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| Employees: Refuse removal service                     |           |           |                                  |                                   |
|---|-----------|-----------|----------------------------------|-----------------------------------|
| Job Level   | 2011/12   | 2012/13   |                                  |                                   |
|   | Employees | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
|   | No.       | No.       | No.                              | %                                 |
| 13 - 15   | 0         | 0         | 0                                | 0                                 |
| <b>Total</b>  | <b>93</b> | <b>93</b> | <b>0</b>                         | <b>0</b>                          |
| <i>Employees and Posts numbers are as at 30 June.</i> |           |           |                                  |                                   |

Table 138: Employees: Refuse removal service

### 3.5.7 CAPITAL EXPENDITURE – REFUSE REMOVAL SERVICE

| Capital Projects   | 2012/13    |                   |                    |                                 |                     |
|--|------------|-------------------|--------------------|---------------------------------|---------------------|
|  | Budget     | Adjustment Budget | Actual Expenditure | Variance from adjustment budget | Total Project Value |
| R'000  |            |                   |                    |                                 |                     |
| <b>Total All</b>   | <b>500</b> | <b>500</b>        | <b>347</b>         | <b>30%</b>                      | <b>500</b>          |
| Equipment  | 360        | 342               | 342                | 0%                              | 342                 |
| Landfill sites permit conditions   | 120        | 152               | 0                  | 100%                            | 152                 |
| <i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.)</i> |            |                   |                    |                                 |                     |

Table 139: Capital Expenditure 2012/13: Refuse removal service

## 3.6 HOUSING

### 3.6.1 INTRODUCTION

In terms of the national objective for the provision of housing, the municipality as a developer are only dependant on the annual allocation from the Provincial Department of Housing and does not have a budget for housing of our own.

Access to basic services are a priority and the municipality have no backlog in providing these basic services because all informal and formal settlements are already serviced.

An amount of R2.5 million were made available from the Department of Human Settlements for provision of additional water taps and toilets as part of their ABS Program for informal settlements, but unfortunately the effected communities rejected these opportunities because they prefer houses to be build instead of the additional water taps and toilets.



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Due to the annual DORA allocation, based on R110 000 per subsidy approved per individual, we will never be able to eradicate the housing backlog in Witzenberg.

Acceleration of our projects in the past and current provincial financial year enabled us to receive additional funding.

In the 2012/13 financial year we also experienced a setback in underspending, due to unrest in the Tulbagh Housing Project and a community objection on the Op-die-Berg Project. This resulted in targets not being achieved and funding not being spend.

The department's view is that only service sites must be provided before the construction of top structures. This will enable more people to get access to a piece of land because the cost of a serviced site is much lower than a complete house.

A major challenge is the influx control into the informal areas.

For the last 5 years the municipality only concentrated on UISP projects (PAH, Wolseley and currently Tulbagh) and were privileged to provide a site and topstructures.

Formalization of the informal settlements are thus one of our priorities and may result into people staying on formal sites and building their own houses.

A project for the formalization of the informal settlement consisting out of 177 serviced plots in Prince Alfred Hamlet is in progress and will give privacy of water and sanitation to these residents.

A Provincial Housing Database System has been implemented by the department as from 1 January 2011 and we are currently operating on the system to eliminate duplications and corruption.

### 3.6.2 HIGHLIGHTS

| Highlights   | Description  |
|--|--|
| Provincial Minister of Housing handed over title deeds in March 2013 | <ul style="list-style-type: none"><li>• Completion of Wolseley 575 Project in November 2011</li><li>• Long completed projects in 2008 in Prince Alfred Hamlet and N'duli</li></ul> |

*Table 140: Housing Highlights*

### 3.6.3 CHALLENGES

| Challenges  | Description   |
|---|---|
| Influx control in informal settlements  | Lack of staff capacity. Shacks are normally erected over weekends when staff are off duty. Occupants normally work during days when inspectorate are doing inspection and do not find them at home    |
| Availability of suitable land for the building of houses in the whole of Witzenberg | High cost of private land and farms especially in the Tulbagh and Op-die-Berg areas   |
| Address farmworkers housing need  | In terms of the current policy, farmworkers are part of our total waiting lists   |
| Transfer of rental stock to current tenants   | Some of these units does not have registered rental agreements, specially where the parents died and the children cannot come to an agreement on who's name the contract must be signed. Tenants with |



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Challenges | Description   |
|------------|---|
|            | huge outstanding debt are not keen to come forward to apply for the EEDBS subsidy |

**Table 141: Housing Challenges**

### 3.6.4 HOUSEHOLDS WITH ACCESS TO BASIC HOUSING

| Year end | Total households<br>(including formal and informal settlements) |
|----------|---|
| 2011/12  | 1 660 (informal)  |
| 2012/13  | <b>1 537 (informal)</b>   |

**Table 142: Households with access to Basic Housing**

The following table shows the **increase** in the number of people on the housing waiting list. There are currently approximately 7 865 applicants on the waiting list.

| Housing waiting list | Nr of people on Housing waiting list | % Housing waiting list increase |
|----------------------|--------------------------------------|---------------------------------|
| 2011/12              | 7 513                                | 5.4                             |
| 2012/13              | 7 865                                | 4.6                             |

**Table 143: Housing waiting list**

A summary of houses built, includes:

| Financial year | Allocation | Amount spent | % spent | Number of houses built | Number of sites serviced |
|----------------|------------|--------------|---------|------------------------|--------------------------|
|                | R'000      | R'000        |         |                        |                          |
| 2011/12        | 0          | 0            | 0       | 0                      | 0                        |
| 2012/13        | 34 395     | 16 980       | 64      | 141                    | 0                        |

**Table 144: Housing**

### 3.6.5 SERVICE DELIVERY INDICATORS: HOUSING

| Ref | Strategic Objective   | KPI  | Actual 2011/12   | Overall performance 2011/12 |        |
|-----|---|--|--|-----------------------------|--------|
|     |   |  |  | Target                      | Actual |
| 5C  | Ensure increased access to innovative human settlements for those who need it                               | Number of housing opportunities provided per year. | New performance indicator for 2012/13. No comparatives available | 260                         | 141    |
| 5D  | Asses the possible sale or transfer of rental stock to identified beneficiaries, using established criteria | Number of Rental Stock transferred                 | New performance indicator for 2012/13. No comparatives available | 250                         | 7      |



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Table 145: Service delivery indicators: Housing

### 3.6.6 EMPLOYEES: HOUSING

| Employees: Housing                             |           |           |                                  |                                   |
|--|-----------|-----------|----------------------------------|-----------------------------------|
| Job Level                                      | 2011/12   | 2012/13   |                                  |                                   |
|  | Employees | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
|  | No.       | No.       | No.                              | %                                 |
| 0 - 3  | 1         | 1         | 0                                | 0                                 |
| 4 - 6  | 5         | 5         | 0                                | 0                                 |
| 7 - 9  | 4         | 4         | 0                                | 0                                 |
| 10 - 12  | 0         | 0         | 0                                | 0                                 |
| 13 - 15  | 1         | 1         | 0                                | 0                                 |
| <b>Total</b>                                   | <b>11</b> | <b>11</b> | <b>0</b>                         | <b>0</b>                          |
| Employees and Posts numbers are as at 30 June. |           |           |                                  |                                   |

Table 146: Employees: Housing

### 3.7 FREE BASIC SERVICES AND INDIGENT SUPPORT

Witzenberg acknowledges the fact that priority must be given to the basic needs of the community and that the social and economic development of the community is assisted in an effort to provide access to the basic level of service in terms of the Constitution of South Africa, Section 151(1) (b) and 153(b).

Free basic services are provided to households with combined monthly income of less than **R 3 000**.

Household applies on the relevant forms and once their application has been approved, they are entitled to free basic services for one year. If they still qualify after the year has lapse, they need to apply again.

The aim of the indigent policy is to ensure a sound and sustainable manner to provide affordable basic services to the poor by means of assisting them financially within the legal framework of the powers and functions of the Municipality in order to improve the livelihood, in an effort to creating a prosperous Municipality free of poverty

#### 3.7.1 ACCESS TO FREE BASIC SERVICES

The access to free basic services is summarised into the different services as specified in the following table:

| Free Basic Services To Low Income Households |                      |  |                       |                        |                           |
|--|----------------------|--|-----------------------|------------------------|---------------------------|
| Year   | Number of households |  |                       |                        |                           |
|  | Total no. of HH      | Households earning less than R 3 000 per month |                       |                        |                           |
|  |                      | Free Basic Water                               | Free Basic Sanitation | Free Basic Electricity | Free Basic Refuse Removal |



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|         |        | Access | %  | Access | %  | Access | %  | Access | %  |
|---------|--------|--------|----|--------|----|--------|----|--------|----|
| 2011/12 | 13 195 | 4 788  | 36 | 4 788  | 36 | 4 788  | 36 | 4 788  | 36 |
| 2012/13 | 13 338 | 4 126  | 31 | 4 126  | 31 | 4 126  | 31 | 4 126  | 31 |

**Table 147: Free basic services to low income households**

### The object of this policy is to:

- Ensure a transparent, accountable and sustainable manner to assist the poor to access of basic services as defined in the policy;
- Ensure a sustainable manner to assist the poor with the graveyard costs, transfer duties and to change the municipal accounts in the cases of death, legal separation, divorce, etc. when necessary; and to
- Ensure that a fair portion of the equitable share, as provided by National Government, is utilized as a contribution to poverty alleviation.

### The qualification criteria for urban households in order to receive assistance are as follow:

- The head of the household must be a South African citizen;
- The household, except in the case of rural households, must receive an account from the Municipality of Witzenberg;
- An application on the prescribe form, fully completed with the required information and signed, must be provided;
- No member of the household may own a fixed property other that the site on which the household resides; and
- The household joint gross income may not exceed R 3,000.00 per month.

### The qualification criteria for old age homes in order to receive assistance are as follow:

- More 50% of the residence within the old age home must receive less than R 3,000.00 per month.
- The qualification criteria for electricity customers within the jurisdiction area of Witzenberg Municipality but in areas where the Municipality is not the supplier of electricity is that their connection may not exceed 20 Amps.

### BENEFITS

#### • Property rates

In terms of the Property Rates Act, Act 6 of 2004, section 17(h) all residential sites are exempt from the first R 15,000 of the market value on property. As additional subsidy the Municipality will increase this level to R 85,000 by means of a subsidy in the form a credit on the municipal account. This subsidy will be equal to the smallest of R 85,000 market value or the total valuation of property.

#### • Electricity

A subsidy equal to the amount charged for the first 50 kWh consumed per month.

#### • Water

A subsidy equal to the amount charged for the first 6 kilolitres consumption per month as well as 100% subsidy on the basic charge for water, where the Municipality is the service providers.





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- **Sanitation**

A subsidy equal to 100% of the amount charged for the service per month where the Municipality is the service provider.

- **Refuse removal**

A subsidy equal to 100% of the amount charged for the service per month where the Municipality is the service provider.

- **House rental**

A subsidy equal to 100% of the amount charged in the case of municipal sub economical rental stock as house rental per month

- **Graveyard costs**

A subsidy equal to 100% of the amount charged for graveyard cost. The subsidy can be in terms of every deceased member of the household.

- **Transfer costs**

A subsidy equal to 100% of the amount charged for transferring the municipal services accounts as a result of death of the head of the household. In the event of separation or divorce, the person who is residing at this plot, qualifies for the subsidy on transfer costs. This household is also exempt from making a consumer deposit or to increase the existing deposit.

A subsidy equal to 100% of the costs of an attorney to transfer the property into the spouse name, this as a result of death of the head of the household whilst approved as an Indigent household and the current registration is not in both parties name registered in the deeds office. The appointment of the attorney is entirely the prerogative of the municipality.

| Rates          |                     |                  |       |                         |                  |       |
|----------------|---------------------|------------------|-------|-------------------------|------------------|-------|
| Financial year | Indigent Households |                  |       | Non-indigent households |                  |       |
|                | No of HH            | Exempt Valuation | Value | No of HH                | Exempt Valuation | Value |
|                |                     |                  | R'000 |                         |                  | R'000 |
| 2011/12        | 4 788               | 85 000           | 1 743 | 8 551                   | 15 000           | 940   |
| 2012/13        | 4 126               | 85 000           | 1 304 | 9 212                   | 15 000           | 1 022 |

Table 148: Property values exempted from rates for indigent households

| Electricity    |                     |                   |       |                         |                   |       |                           |                   |       |
|----------------|---------------------|-------------------|-------|-------------------------|-------------------|-------|---------------------------|-------------------|-------|
| Financial year | Indigent Households |                   |       | Non-indigent households |                   |       | Households in Eskom areas |                   |       |
|                | No of HH            | Unit per HH (kwh) | Value | No of HH                | Unit per HH (kwh) | Value | No of HH                  | Unit per HH (kwh) | Value |
|                |                     |                   | R'000 |                         |                   | R'000 |                           |                   | R'000 |
| 2011/12        | 4 788               | 50                | 1 743 | 9 439                   | 0                 | 0     |                           | 50                | 710   |
| 2012/13        | 2 592               | 50                | 1 908 | 8 509                   | 0                 | 0     | 945                       | 50                | 432   |

Table 149: Free basic Electricity services to indigent households

| Water          |                     |                         |
|----------------|---------------------|-------------------------|
| Financial year | Indigent Households | Non-indigent households |



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|         | No of HH | Unit per HH (kl) | Value | No of HH | Unit per HH (kl) | Value |
|---------|----------|------------------|-------|----------|------------------|-------|
|         |          |                  | R'000 |          |                  | R'000 |
| 2011/12 | 4 788    | 6                | 4 566 | 8 479    | 0                | 0     |
| 2012/13 | 4 126    | 6                | 4 725 | 9 193    | 0                | 0     |

Table 150: Free basic Water services to indigent households

| Sanitation     |                     |                |       |                         |                       |       |
|----------------|---------------------|----------------|-------|-------------------------|-----------------------|-------|
| Financial year | Indigent Households |                |       | Non-indigent households |                       |       |
|                | No of HH            | R value per HH | Value | No of HH                | Unit per HH per month | Value |
|                |                     |                | R'000 |                         |                       | R'000 |
| 2011/12        | 4 788               | 143.30         | 6 936 | 8 513                   | 0                     | 0     |
| 2012/13        | 4 126               | 149.20         | 7 388 | 9 212                   | 0                     | 0     |

Table 151: Free basic Sanitation services to indigent households

| Refuse Removal |                     |                         |       |                         |                       |       |
|----------------|---------------------|-------------------------|-------|-------------------------|-----------------------|-------|
| Financial year | Indigent Households |                         |       | Non-indigent households |                       |       |
|                | No of HH            | Service per HH per week | Value | No of HH                | Unit per HH per month | Value |
|                |                     |                         | R'000 |                         |                       | R'000 |
| 2011/12        | 4 788               | 1                       | 7 668 | 8 008                   | 0                     | 0     |
| 2012/13        | 4 126               | 1                       | 7 910 | 8 710                   | 0                     | 0     |

Table 152: Free basic Refuse Removal services to indigent households

## COMPONENT B: ROAD TRANSPORT

### 3.8 ROADS

#### 3.8.1 INTRODUCTION

A Pavement Management System (PMS) is used for maintaining the roads in the area through an assessment of the network based on methodical visual ratings of each pavement section. The priorities is divided into routine maintenance (e.g. patching), to normal maintenance (resurfacing) through to heavy rehabilitation (e.g. thick overlays and reconstruction). This is supported by visual inspections which are done according to a schedule and data is recorded and prioritised for implementation. Limited and funding backlogs are the greatest challenge we face in maintaining the road network.

#### 3.8.2 HIGHLIGHTS

| Highlights                               | Description   |
|--|---|
| Reconstruction Tulbagh Buitenkant Street | Total reconstruction of deteriorated road 170 meter, with new |



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| Highlights                                     | Description  |
|--|--|
|  | kerbing, stormwater systems and asphalt surfacing  |
| Reconstruction Tulbagh Waterkant Street        | Total reconstruction of deteriorated road 470 meter, with new kerbing, stormwater systems and asphalt surfacing    |
| Reconstruction section Tulbagh Magnolia Street | Total reconstruction of deteriorated road 185 meter, with new kerbing, stormwater systems and paving surfacing     |
| Reconstruction Tulbagh Rose Street             | Total reconstruction of deteriorated road 185 meter, with new kerbing, stormwater systems and paving surfacing     |
| New roads Tulbagh: Chris Hani Housing          | New roads for low cost housing development, 4.7 kilometers with new kerbing, stormwater systems and asphalt paving |
| New main road Wolseley Voortrekker Street      | Total reconstruction of deteriorated road 2 kilometers, with new kerbing, stormwater systems and asphalt surfacing |

**Table 153: Roads highlights**

### 3.8.3 CHALLENGES

| Challenges                     | Description   |
|--------------------------------|---|
| Funding backlogs               | Pavement Management System 2010, all bituminous pavements, resealing and upgrading of roads amount to R52 million   |
| Tulbagh roads                  | <ul style="list-style-type: none"> <li>• Structural condition, 36% in poor and very poor</li> <li>• Surfacing condition, 11% in poor and very poor</li> </ul> |
| Manpower/ Technical assistance | Only 1 technical assistant, Technician  |

**Table 154: Roads challenges**

### 3.8.4 SERVICE DELIVERY LEVELS: NEW ROADS AND MAINTENANCE OF EXISTING ROADS

The following tables give an overview of the total kilometers of roads maintained and new roads tarred:

| Financial year | Total km tarred roads | Km of new tar & paved roads | Km existing tar roads re-tarred | Km of existing tar roads re-sheeted | Km tar roads maintained |
|----------------|-----------------------|-----------------------------|---------------------------------|-------------------------------------|-------------------------|
| 2011/12        | 207.32                | 6.92                        | 5.0                             | 1.33                                | 194.07                  |
| 2012.13        | 212.04                | 4.72                        | 0.17                            | 0.41                                | 206.74                  |

**Table 155: Tarred (Asphalted) roads**

| Financial year | Total km gravel roads | Km new gravel roads constructed | Km gravel roads upgraded to tar / block paving | Km gravel roads graded/maintained |
|----------------|-----------------------|---------------------------------|--|-----------------------------------|
| 2011/12        | 5.97                  | 0.57                            | 2.2  | 5.97                              |
| 2012/13        | 7.51                  | 1.54                            | 0  | 5.97                              |

**Table 156: Graveled roads**

The table below shows the costs involved for the maintenance and construction of roads within the municipal area:

| Financial year | New & Replacements | Resealed | Maintained |
|----------------|--------------------|----------|------------|
|----------------|--------------------|----------|------------|



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|         | R'000  | R'000 | R'000 |
|---------|--------|-------|-------|
| 2011/12 | 21 341 | 2 412 | 998   |
| 2012/13 | 18 113 | 781   | 1 172 |

Table 157: Cost of construction/maintenance of roads

### 3.8.5 SERVICE DELIVERY INDICATORS: ROAD SERVICES

| Ref | Strategic Objective   | KPI  | Actual 2011/12   | Overall performance 2011/12 |        |
|-----|---|--|--|-----------------------------|--------|
|     |   |  |  | Target                      | Actual |
| 1K  | Ensure mobility through an effective transport infrastructure | Provision of municipal roads measured by the km of new road for previously un-serviced areas | New performance indicator for 2012/13. No comparatives available | 7.2                         | 6.8    |

Table 158: Service delivery indicators: Road services

### 3.8.6 EMPLOYEES: ROAD SERVICES

| Employees: Streets and Stormwater |           |           |                                  |                                   |
|-----------------------------------|-----------|-----------|----------------------------------|-----------------------------------|
| Job Level                         | 2011/12   | 2012/13   |                                  |                                   |
|                                   | Employees | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
|                                   | No.       | No.       | No.                              | %                                 |
| 0 - 3                             | 20        | 20        | 0                                | 0                                 |
| 4 - 6                             | 11        | 11        | 0                                | 0                                 |
| 7 - 9                             | 6         | 6         | 0                                | 0                                 |
| 10 - 12                           | 2         | 2         | 0                                | 0                                 |
| 13 - 15                           | 1         | 1         | 0                                | 0                                 |
| <b>Total</b>                      | <b>40</b> | <b>40</b> | <b>0</b>                         | <b>0</b>                          |

Employees and Posts numbers are as at 30 June.

Table 159: Employees: Streets and Stormwater

### 3.8.7 CAPITAL EXPENDITURE – ROAD SERVICES

| Capital Projects | 2012/13       |                   |                    |                                 |                     |
|------------------|---------------|-------------------|--------------------|---------------------------------|---------------------|
|                  | Budget        | Adjustment Budget | Actual Expenditure | Variance from adjustment budget | Total Project Value |
| R'000            |               |                   |                    |                                 |                     |
| <b>Total All</b> | <b>17 977</b> | <b>25 156</b>     | <b>25 131</b>      | <b>0%</b>                       | <b>25 131</b>       |



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| Capital Projects  | 2012/13 |                   |                    |                                 |                     |
|---|---------|-------------------|--------------------|---------------------------------|---------------------|
|   | Budget  | Adjustment Budget | Actual Expenditure | Variance from adjustment budget | Total Project Value |
|   |         |                   |                    |                                 |                     |
| Upgrade Tulbagh Roads   | 11 015  | 12 114            | 12 113             | 0%                              | 12 113              |
| Pine Valley, Wolseley roads surfacing   | 4 145   | 4 145             | 4 145              | 0%                              | 4 145               |
| Upgrade Voortrekkestr, Wolseley (contribution)  | 600     | 600               | 600                | 0%                              | 600                 |
| Wolseley Urban renewal  | 0       | 1 199             | 1 195              | 0%                              | 1 750               |
| <i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)</i> |         |                   |                    |                                 |                     |

Table 160: Capital Expenditure 2012/13: Road services

### 3.9 WASTE WATER (STORMWATER DRAINAGE)

#### 3.9.1 INTRODUCTION

Currently the municipality does not have a Stormwater Master Plan. Maintenance and upgrading is done by way of scheduled inspections and prioritised accordingly for implementation. Cleaning of infrastructure is done according to program

#### 3.9.2 HIGHLIGHTS

| Highlights                                | Description   |
|---|---|
| New main road Wolseley Voortrekker Street | New stormwater drainage systems   |
| Reconstruction Tulbagh Waterkant Street   | New underground stormwater systems diverting stormwater away from main road |

Table 161: Stormwater highlights

#### 3.9.3 CHALLENGES

| Challenges  | Description                            |
|---|--|
| Stormwater Master Plan                            | None                                   |
| Manpower/Technical assistance                     | Only 1 technical assistant, Technician |
| Vandalism stormwater drainage                     | Covers being stolen for scrap          |
| Trees damage stormwater pipes/sidewalks and roads | Trees with aggressive root systems     |

Table 162: Stormwater challenges



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### 3.9.4 SERVICE DELIVERY LEVELS: INFRASTRUCTURE AND COST OF CONSTRUCTION/MAINTENANCE

#### a) Stormwater Infrastructure

The table below shows the total kilometers of stormwater maintained and upgraded as well as the kilometers of new storm water pipes installed:

| Financial year | Total km stormwater measures | Km new stormwater measures | Km stormwater measures upgraded | Km stormwater measures maintained |
|----------------|------------------------------|----------------------------|---------------------------------|-----------------------------------|
| 2011/12        | 133.10                       | 1.603                      | 0.100                           | 18.277                            |
| 2012/13        | 135.83                       | 2.73                       | 0.940                           | 135.00                            |

Table 163: Stormwater infrastructure

#### b) Cost of construction/Maintenance

The table below indicates the amount of money spend on stormwater projects:

| Financial year | Stormwater measures |            |
|----------------|---------------------|------------|
|                | Capital             | Maintained |
|                | R'000               | R'000      |
| 2011/12        | 794                 | 522        |
| 2012/13        | 300                 | 540        |

Table 164: Cost of construction/maintenance of stormwater systems

### 3.9.5 CAPITAL EXPENDITURE – STORMWATER SERVICES

| Capital Projects   | 2012/13    |                   |                    |                                 |                     |
|--|------------|-------------------|--------------------|---------------------------------|---------------------|
|  | Budget     | Adjustment Budget | Actual Expenditure | Variance from adjustment budget | Total Project Value |
| R'000  |            |                   |                    |                                 |                     |
| <b>Total All</b>   | <b>466</b> | <b>6 054</b>      | <b>5 903</b>       | <b>2%</b>                       | <b>5 903</b>        |
|  |            |                   |                    |                                 |                     |
| Bulk storm water Op-Die-Berg   | 0          | 1 669             | 1 669              | 0%                              | 1 669               |
| Op-Die-Berg Storm water  | 0          | 2 290             | 2 290              | 0%                              | 2 290               |
| <i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i> |            |                   |                    |                                 |                     |

Table 165: Capital Expenditure 2012/13: Stormwater



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### COMPONENT C: PLANNING AND DEVELOPMENT

Witzenberg Municipality does not have a single department that includes all strategic services. The LED section is managed by the Social & Economic Development section that is situated in the directorate for Community Services. The IDP section report to the Municipal Manager and is responsible for the development of the Integrated Development Plan and Process Plan. Tourism and Marketing are situated in the Directorate Corporate Services. Building Control, Town Planning, Spatial Planning and GIS falls under the section Town Planning & Building Control situated in the Directorate for Technical Services. The development of a Strategic Planning Unit will be investigated as part of the municipality's internal organisational structure during 2013/14.

#### 3.10 PLANNING

##### 3.10.1 INTRODUCTION

The table below sets out the main elements of Witzenberg Planning Strategies:

| Strategy            | Description   |
|---------------------|---|
| Building Control    | Building plan approvals and inspections in terms of the National Building Regulations |
| Development Control | Rezoning, subdivisions, new developments in terms of the Land Use Planning Ordinance  |

Table 166: Town Planning and building control Strategies

##### 3.10.2 HIGHLIGHTS

| Highlights | Description  |
|------------|--|
| GIS        | A GIS has been established and is maintained by a service provider |

Table 167: Town planning and building control highlights

##### 3.10.3 CHALLENGES

| Challenges                                   | Description   |
|--|---|
| Illegal building work and illegal land usage | Owners build without approved plans and use properties contrary to zoning |
| Prosecutions and demolitions                 | Prosecutions is slow and the removal of illegal structures is problematic |

Table 168: Town planning and building control challenges

##### 3.10.4 SERVICE DELIVERY STATISTICS

| Type of service | 2011/12 | 2012/13 |
|-----------------|---------|---------|
|-----------------|---------|---------|



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| Type of service                           | 2011/12     | 2012/13      |
|---|-------------|--------------|
| <b>Town Planning and Building Control</b> |             |              |
| Building plans application processed      | 314         | 345          |
| Total surface (m <sup>2</sup> )           | 45 115 m2   | 60 856.61 m2 |
| Approximate value                         | R95 995 344 | R147 933 705 |
| New residential dwellings                 | 22          | 89           |
| Residential extensions                    | 191         | 161          |
| New Business buildings                    | 4           | 8            |
| Business extensions                       | 15          | 22           |
| Rural applications                        | 54          | 65           |
| Land use applications processed           | 52          | 48           |

Table 169: Town planning and building control service delivery statistics

### 3.10.5 SERVICE DELIVERY INDICATORS: PLANNING

| Ref | Strategic Objective  | KPI  | Actual 2011/12   | Overall performance 2011/12 |        |
|-----|--|--|--|-----------------------------|--------|
|     |  |  |  | Target                      | Actual |
| 4A  | Create an enabling environment to attract investment that generates economic growth & job creation | All building plans approved for less than 500 square meters within 30 days | New performance indicator for 2012/13. No comparatives available | 85%                         | 93%    |
| 4A  | Create an enabling environment to attract investment that generates economic growth & job creation | All building plans approved for more than 500 square meters within 60 days | New performance indicator for 2012/13. No comparatives available | 85%                         | 100%   |

Table 170: Service delivery indicators: Town planning and building control

### 3.10.6 EMPLOYEES: PLANNING

| <b>Employees: Town planning and building control</b> |           |           |                                  |                                   |
|--|-----------|-----------|----------------------------------|-----------------------------------|
| Job Level  | 2011/12   | 2012/13   |                                  |                                   |
|  | Employees | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
|  | No.       | No.       | No.                              | %                                 |
| 0 - 3  | 0         | 0         | 0                                | 0                                 |
| 4 - 6  | 0         | 0         | 0                                | 0                                 |
| 7 - 9  | 1         | 1         | 0                                | 0                                 |
| 10 - 12  | 5         | 5         | 0                                | 0                                 |
| 13 - 15  | 0         | 0         | 0                                | 0                                 |
| 16 - 18  | 1         | 1         | 0                                | 0                                 |





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| Employees: Town planning and building control         |           |           |                                  |                                   |
|---|-----------|-----------|----------------------------------|-----------------------------------|
| Job Level   | 2011/12   | 2012/13   |                                  |                                   |
|   | Employees | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
|   | No.       | No.       | No.                              | %                                 |
| <b>Total</b>  | <b>7</b>  | <b>7</b>  | <b>0</b>                         | <b>0</b>                          |
| <i>Employees and Posts numbers are as at 30 June.</i> |           |           |                                  |                                   |

**Table 171: Employees: Town planning and building control**

### 3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

The table below gives a brief description of all the achievements within local economic development during the 2012/13 financial year:

| Achievement/Highlight  | Description  |
|--|--|
| Crafting a database of arts & crafts producers                                 | Database of 73 skilled arts and craft producers in the Witzenberg Municipal region   |
| Arts and Crafts Workshop and information session 12 November 2012              | 42 people attended the workshop which entailed an overview on the assistance that the municipality can provide in arts and craft development                               |
| Tourism awareness workshop 7 December 2012                                     | 32 people attended the workshop which entailed an introductory tourism training session, followed by a tourism product offering workshop                                   |
| Site visit at Cape Craft Development Institute 22 February 2013                | 8 arts and craft producers attended the site visit, which entailed liaison with the product assistance unit, graphic designers and business development unit               |
| Visit at Design Indaba & cultural tour 1-3 March 2013                          | The visit was an exposure tour which included visits to the South African National Gallery (SANG), District 6 Museum, The Slave Lodge, and a tour of CCDI                  |
| Arts & Crafts Expo on 19 June 2013   | 24 entrepreneurs exhibited at the expo with +- 80- 100 people attending. Networking between exhibitors occurred, where business linkages occurred                          |
| Contractor Development course for 11 emerging construction contractors         | Training was held for 3 weeks and entailed the establishment of a construction business, operating a construction business and executing a construction project            |
| Connecting 52 Deernis beneficiaries with short-term work opportunities         | The job creation projects included: the Community Works Programme and Expanded Public Works Programme projects   |
| Crafting a contractor profile database of contractors in the Witzenberg region | The database contain information on the skills, training needs, experience and registration status of contractors in the Witzenberg region                                 |
| Hosting a Western Cape supplier database roadshow on 7 November 2012           | Contractors registered themselves on the Western Cape Department supplier database, SARS, BEE certificates and CIPRO at the roadshow which was held at the Ceres Town Hall |
| Sending 1 tourist guide to Social Media training on the 15 and 16 April 2013   | The training entailed training on how to use Twitter, facebook and other social media to market their business in an effective manner                                      |
| Six small businesses qualified for seed fund                                   | Businesses were funded in partnership with CWDM and Nedbank. They were also linked with a mentorship program   |



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| Achievement/Highlight  | Description   |
|--|---|
| World Food day on 10 October 2012  | Sixty households were provided by the Department of Agriculture with garden equipment. Three institutions funded food parcels   |
| Fourty women entrepreneurs linked with entrepreneurship training   | The group consisted of women smme's of all 5 towns. Women were trained regarding business registration, informed about the services SARS offers to smme's and also about business plans. They were assisted by SARS to register and to sort out their tax issues. |
| Twenty local caterers linked with culinary training that was funded by CWDM  | The caterers received accredited training that consisted of 3 weeks theory and 3 weeks practical work. All of them were successful  |
| Establishment of a Reference Committee for the Community Work Program  | The Reference Committee consist of 12 ward committee members of the 12 wards. Their role is to give input in the projects that have to be implemented as part of the Community Work Program   |
| Fifty nine co-operatives established in the CRDP sites by the Department of Rural Development & Land Reform and 28 in Wolseley | Initiative by DRDLR to improve the local economy by establishing co-operatives  |
| Nine institutions funded by Rural Development to establish food gardens  | DRDLR appointed a service provider to assist with the establishment of the gardens. They will provide training, seedlings, equipment and mentorship   |
| Support to Witzenberg Kersmark   | Create a business opportunity and Link 110 smme's wiith christmas stalls  |

**Table 172: Local Economic Development Achievements**

The table below gives a brief description of all the challenges within local economic development during the 2012/13 financial year:

| Description  | Actions to address   |
|--|--|
| Discrepancies with labour employed for Expanded Public Works Programme projects    | Communicate work ethic properly to beneficiaries   |
| Low involvement of formal business in stakeholder liaison                          | Obtain more buy-in from business   |
| Lack of mentorship   | Link with mentorship program – SEDA; mentorship by big businesses                                |
| Lack of sufficient resources   | Create opportunities to link businesses with the relevant resources                              |
| Lack of access to markets  | Link with initiatives that will give them more exposure like an expo or networking opportunities |
| Some people not true entrepreneurs and are using entrepreneurship as survival tool | Link with job opportunities  |

**Table 173: Local Economic Development Challenges**

The LED strategy along with the LED process plan is completed and is being implemented. The Witzenberg Municipality has an established LED forum comprising of a diverse membership emanating from various sectors of society. The LED strategy is built around commitment to develop a climate in which economic development and economic growth can prosper. Currently the LED Strategy is in a process of review.

The LED strategy identifies various issues and strategic areas for intervention such as (3 top service delivery priorities):

| Strategic areas                         | Description                |
|---|----------------------------|
| Establishment of a high level LED Board | Institutional Framework    |
| Ensuring a credible LED Strategy        | Reviewing the LED Strategy |



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| Strategic areas            | Description                               |
|----------------------------|---|
| Identify bankable projects | Skills development & Employment Intensity |

Table 174: LED Objectives and Strategies

### 3.11.1 ECONOMIC ACTIVITY

The table below identifies the economic activity within the different sectors:

| Sector                        | 2011/12 | 2012/13 |
|-------------------------------|---------|---------|
| Agric, forestry and fishing   | 51%     | 21.7%   |
| Mining and quarrying          | 0.01%   | 0.02%   |
| Manufacturing                 | 9%      | 16.2%   |
| Wholesale and retail trade    | 13%     | 16%     |
| Finance, property, etc.       | 4%      | 18.5%   |
| Community and social services | 13%     | 17.6%   |
| Infrastructure services       | 5%      | 5%      |

Table 175: Economic activity by sector: Regional Global Explorer data for 2012/13

| Economic Employment by Sector     |               |               |
|-----------------------------------|---------------|---------------|
| Sector                            | 2011/12       | 2012/13       |
| Agriculture, forestry and fishing | 15 820        | 18 945        |
| Mining and quarrying              | 3             | 4             |
| Manufacturing                     | 2 828         | 2 827         |
| Electricity                       | 68            | 74            |
| Construction                      | 1 576         | 1 401         |
| Wholesale and retail trade        | 4 194         | 4 127         |
| Transport                         | 145           | 441           |
| Finance, property, etc.           | 1 280         | 1 240         |
| Community and social services     | 4 958         | 4 495         |
| <b>Total</b>                      | <b>31 143</b> | <b>34 563</b> |

Table 176: Economic Employment by Sector

### 3.11.2 LED INITIATIVES

During 2012/2013, **457** work opportunities were created via the Community Works Programme (CWP). The CWP is a safety-net job creation programme where beneficiaries work for 8 days per month for R67 per day. There are 4 different sectors that CWP projects consist of in Witzenberg, namely:

- social



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- education
- local government
- environment

The projects within the sectors include:

- Early-child hood development crèche assistance
- NGO support (which include: women groups assistance, nutritional support, HIV support, disabled support)
- school support(which include: food scheme, site cleaning)
- street cleaning (which include river banks cleaning)
- LED kiosk information assistance

The CWP provide beneficiaries with bread on the table and give them the experience needed for market entry. There is also a training element incorporated in the CWP, which included:

- health and safety
- waste management
- food garden
- financial training

### 3.11.3 LED STATS

Additional statistics on Local Economic Development

| Type of service                       | 2011/12 | 2012/13 |
|---------------------------------------|---------|---------|
| Small businesses assisted             | 75      | 95      |
| SMME's trained                        | 49      | 101     |
| Community members trained for tourism | 0       | 33      |
| Local artisans and crafters assisted  | 2       | 43      |
| Recycling awareness programmes        | 1       | 0       |

Table 177: Additional Statistics on LED

| Job creation through the Extended Public Works Programme (EPWP) projects |               |                                    |
|--|---------------|------------------------------------|
| Details  | EPWP Projects | Jobs created through EPWP projects |
| 2011/12  | 26            | 364                                |
| 2012/13  | 26            | 438                                |

Table 178: Job creation through EPWP\* projects



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### 3.12 TOURISM

#### 3.12.1 AIM AND FUNCTION OF TOURISM SECTION

Tourism aims to market Witzenberg Municipality as an affordable holiday destination with activities for the entire family. Tourism liaises with provincial and national stakeholders to develop the brand through tourist attraction, awareness campaigns, roadshows, expos, events and festivals. Tourism also aims to train and skill local entrepreneurs to meet tourist demands and provide requisite services and products to promote local trade and economic development.

#### 3.12.2 TRAINING/DEVELOPMENT

Tourism runs educational packages with schools, front of house staff and local stores to promote clientele service. Tourism also sources courses in areas such as first aid training, communication, administration and hospitality to help local businesses improve output and skill levels.

#### 3.12.3 MARKETING SECTION

Tourism has produced tearoff maps which are distributed to points of sale with high traffic providing location and contact details of local tourist attractions. They have also produced a joint brochure called the Witzenberg Meander, covering activities all over the municipality. Tourism bureaus for Wolseley, Ceres and Tulbagh also created their own brochures with niche marketing of their sectors and with social media promotion through Facebook and website.

#### 3.12.4 TOURISM AWARENESS/EVENTS

Annual events in the Witzenberg Municipal Region:

| Annual Event                       | Date                           |
|------------------------------------|--------------------------------|
| Wolseley Chrysanthemum Show        | 4 and 5 May 2013               |
| Ceres Chrysanthemum Show           | 12 May 2013                    |
| Christmas in Winter                | 30 June 2013                   |
| Wolseley MTB Challenge             | 20 July 2012                   |
| Michell's Pass Half Marathon       | 4 August 2012                  |
| Tulbagh Spring Arts Festival       | 24 to 26 August 2012           |
| Tulbagh Horse and Wild Flower Show | 26 to 29 September 2012        |
| Eselfontein Outdoor Festival       | 19 to 21 October 2012          |
| Gydo Christmas Light Festival      | 30 November to 1 December 2012 |
| Witzenberg Christmas Market        | 14 to 16 December 2012         |

Table 179: Tourism Awareness/Events



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### COMPONENT D: COMMUNITY AND SOCIAL SERVICES

The Socio Economic Unit create an environment for socio economic development through the support and strengthening of Safety net programmes for children, persons with Disabilities, women, farm workers and the youth. Indigent households are connected to the Indigent subsidies which ensure free basic services.

#### 3.13 LIBRARIES AND COMMUNITY FACILITIES

Libraries and community facilities are managed by the Section Facilities and Environment that is located in the Directorate Community Services. All towns have either a community hall or town hall with Ceres and Tulbagh having both. All towns have a library with Wheelie Wagons in Prince Alfred Hamlet and Op-Die-Berg.

##### 3.13.1 SERVICE STATISTICS – LIBRARIES AND COMMUNITY FACILITIES

| Type of service  | 2011/12              | 2012/13              |
|--|----------------------|----------------------|
| Libraries  |                      |                      |
| Number of Libraries  | 8 & 3 Wheelie Wagons | 8 & 3 Wheelie Wagons |
| Library members  | 15 857               | 18 951               |
| Books circulated   | 264 595              | 283 969              |
| Exhibitions held   | 197                  | 222                  |
| Internet access points                                       | 6 258                | 10 780               |
| New library service points or Wheelie Wagons                 | 1                    | 0                    |
| Children programmes  | 2                    | 33                   |
| Visits by school groups                                      | 493                  | 581                  |
| Community Facilities   |                      |                      |
| Number of Community Facilities – Community Hall & Town Halls | 9                    | 9                    |

Table 180: Service Statistics: Libraries and Community Facilities

##### 3.13.2 SERVICE DELIVERY INDICATORS: LIBRARIES AND COMMUNITY FACILITIES

| Ref | Strategic Objective | KPI | Actual 2011/12 | Overall performance 2011/12 |        |
|-----|---------------------|-----|----------------|-----------------------------|--------|
|     |                     |     |                | Target                      | Actual |



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

|    |  |   |  |   |   |  |
|----|--|---|--|---|---|--|
| 1Q | Provide facilities that make citizens feel at home | Community Satisfaction survey (Score 1-5) - community facilities. | New performance indicator for 2012/13. No comparatives available | 2 | 2 |  |
|----|--|---|--|---|---|--|

**Table 181:** Service delivery indicators: Libraries and Community Facilities

### 3.13.3 EMPLOYEES: LIBRARIES AND COMMUNITY FACILITIES

| Employees: Libraries and Community Facilities |           |           |                                  |                                   |
|---|-----------|-----------|----------------------------------|-----------------------------------|
| Job Level                                     | 2011/12   | 2012/13   |                                  |                                   |
|   | Employees | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
|   | No.       | No.       | No.                              | %                                 |
| 0 - 3   | 3         | 3         | 0                                | 0                                 |
| 4 - 6   | 0         | 0         | 0                                | 0                                 |
| 7 - 9   | 7         | 7         | 0                                | 0                                 |
| 10 - 12                                       | 11        | 11        | 0                                | 0                                 |
| 13 - 15                                       | 0         | 0         | 0                                | 0                                 |
| <b>Total</b>                                  | <b>21</b> | <b>21</b> | <b>0</b>                         | <b>0</b>                          |

Employees and Posts numbers are as at 30 June.

**Table 182:** Employees: Libraries and Community Facilities

### 3.14 CEMETERIES

Cemeteries in all towns are managed, except Op-Die-Berg which is managed by the church. Ceres cemetery has reached full capacity with Nduli very close to full capacity. The cemetery at Bella Vista will cater for these two towns in future. Currently busy with the expansion of Wolseley cemetery. No crematoriums are managed. No funding for nay future extentions

#### 3.14.1 SERVICE STATISTICS - CEMETERIES

| Type of service            | 2011/12 | 2012/13 |
|----------------------------|---------|---------|
| Number of Cemeteries       | 6       | 6       |
| Number of private burials  | 386     | 411     |
| Number of poor burials     | 31      | 12      |
| Number of indigent burials | 59      | 63      |

Note: the stats above are for all towns excluding Op-die-Berg and Prince Alfred Hamlet

**Table 183:** Service Stats: Cemeteries

#### 3.14.2 EMPLOYEES: CEMETERIES



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Employees: Cemeteries                                 |           |           |                                  |                                   |
|---|-----------|-----------|----------------------------------|-----------------------------------|
| Job Level   | 2011/12   | 2012/13   |                                  |                                   |
|   | Employees | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
|   | No.       | No.       | No.                              | %                                 |
| 0 - 3   | 26        | 26        | 0                                | 0                                 |
| 4 - 6   | 8         | 8         | 0                                | 0                                 |
| 7 - 9   | 1         | 1         | 0                                | 0                                 |
| 10 - 12   | 1         | 1         | 0                                | 0                                 |
| 13 - 15   | 0         | 0         | 0                                | 0                                 |
| <b>Total</b>  | <b>36</b> | <b>36</b> | <b>0</b>                         | <b>0</b>                          |
| <i>Employees and Posts numbers are as at 30 June.</i> |           |           |                                  |                                   |

Table 184: Employees: Cemeteries

### 3.15 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

The Socio Economic Unit is responsible for:

- the initiation and strengthening of early childhood development (ECD) programmes and support of the ECD Forum;
- capacity building of crèches;
- strengthening awareness programs regarding the aged abuse and access to indigent services;
- strengthening and support of youth development with the focus on job creation and skills development;
- strengthening and support of persons with disabilities through skills development; and
- support HIV/AIDS awareness.

#### 3.15.1 SERVICE STATISTICS – CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

| Type of service   | 2011/12   | 2012/13  |
|---|---|--|
| <b>Child Care; Aged Care; Social Programmes</b>         |   |  |
| <b>Trees planted</b>                                    | No information available  | 160  |
| <b>Veggie gardens established</b>                       | Two CRDP Sites Bella Vista and Nduli food gardens were established.   | One food garden at the Youth Centre in Chris Hani, Tulbagh   |
| <b>Soup kitchens established or supported</b>           | Three soup kitchens in War on Poverty Wards were supported.   | Site visits at soup kitchens in Witzenberg to link them with possible funding.   |
| <b>Initiatives to increase awareness on child abuse</b> | <ul style="list-style-type: none"> <li>• -Awareness programme ODB- 50 children on child abuse on 01 December</li> <li>• -awareness programmes in Prince Alfred Hamlet for 200 children – Life skills were taught to children and kids were</li> </ul> | <ul style="list-style-type: none"> <li>• Youth day-Hamlet 16 June 2013</li> <li>• 16 Days programme in Wolseley and Bree River 29 November 2012 (150 women and children)</li> <li>• 4 Child safety programmes in Ceres,</li> </ul> |





## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Type of service   | 2011/12  | 2012/13   |
|---|--|---|
|   | developed through physical activities, like sport and karate classes.  | Hamlet, Wolseley and Tulbagh (more than 200 children at crèches )   |
| Youngsters educated and empowered   | 200<br>Computer Training, CV & Interview workshops   | <ul style="list-style-type: none"> <li>180 in Wolseley Youth Programme focussing on self-image development.</li> <li>200 youth in Tulbagh in Youth Arts &amp; Craft Programme</li> <li>15 youth in Entrepreneurs training in Tulbagh Youth Centre</li> </ul>  |
| Initiatives to increase awareness on disability   | <ul style="list-style-type: none"> <li>- quarterly disability forum meetings</li> <li>-2awareness programmes in Bella Vista and Nduli for 200 disabled people on 01 Dec. 2011 and 11 Dec. 2011</li> </ul>  | <ul style="list-style-type: none"> <li>quarterly disability forum meetings</li> <li>research regarding disabled people in Witzenberg and compiling a database of all disabled people</li> </ul>   |
| Initiatives to increase awareness on women  | <ul style="list-style-type: none"> <li>-municipal woman's day in august 2011 for 200 women</li> <li>-Gender Links training /workshop in September 2011 for 50 women</li> </ul>   | <ul style="list-style-type: none"> <li>Municipal Women's day on 31 August 2012 for 200 women employees</li> <li>Gender verification process of Witzenberg Municipality completed</li> <li>16 days programmes in Bree River on 29 November 2012 (150 women and children)</li> <li>Women's day programmes for women from N'duli and surrounding farms on 18 August 2012 (75 women)</li> </ul> |
| Women empowered   | 250  | <ul style="list-style-type: none"> <li>200 women officials empowered in leadership development</li> <li>20 Women entrepreneurs empowered</li> </ul>   |
| Initiatives to increase awareness on HIV/AIDS   | <ul style="list-style-type: none"> <li>1 Workshop for 30 woman in Bella Vista</li> <li>World Aids day in Wolseley was held.</li> </ul>   | 4 awareness and prevention programs in different areas in Witzenberg  |
| Initiatives to increase awareness on Early Childhood Development                              | Children's rights event was held during Child protection month in June.  | Facilitating and parttaking in 3 ECD Forum meetings in Witzenberg   |
| Initiatives to increase awareness on substance abuse and high drug and alcohol related crimes | <ul style="list-style-type: none"> <li>Local Drug Action Committee has been established.</li> <li>Awareness on national youth day and Wolseley youth week in June 2011.</li> </ul>   | 3 Awareness and prevention programs in Hamlet, Ceres and Breerivier   |
| Special events hosted   | <ul style="list-style-type: none"> <li>Women's Day programmes in August 2011</li> <li>National Youth day held in June 2011.</li> <li>16 Days of Activism against women and child abuse programmes; International day of disabilities: awareness day programmes.</li> </ul> | A successful Women's Day was held in August with 200 municipal women on leadership  |

Table 185: Service Statistics: Child Care; Aged Care; Social Programmes

### 3.15.2 SERVICE DELIVERY INDICATORS: CHILD CARE; AGED CARE; SOCIAL PROGRAMMES



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Ref | Strategic Objective                                     | KPI  | Actual 2011/12   | Overall performance 2011/12 |        |
|-----|---|--|--|-----------------------------|--------|
|     |   |  |  | Target                      | Actual |
| 5B  | Provide access to social services for those who need it | Bi-annual HIV/AIDS awareness programs                    | New performance indicator for 2012/13. No comparatives available | 2                           | 5      |
| 5B  | Provide access to social services for those who need it | Arrange workshops for youth per twinning agreement       | New performance indicator for 2012/13. No comparatives available | 2                           | 10     |
| 5B  | Provide access to social services for those who need it | Implement Substance Abuse Programmes                     | New performance indicator for 2012/13. No comparatives available | 2                           | 3      |
| 5B  | Provide access to social services for those who need it | Implementation of Child protection programmes            | New performance indicator for 2012/13. No comparatives available | 2                           | 6      |
| 5B  | Provide access to social services for those who need it | Implementation of Early childhood development programmes | New performance indicator for 2012/13. No comparatives available | 3                           | 16     |
| 5B  | Provide access to social services for those who need it | Implementation of gender programmes                      | New performance indicator for 2012/13. No comparatives available | 2                           | 3      |
| 5B  | Provide access to social services for those who need it | Implementation of projects for persons with disabilities | New performance indicator for 2012/13. No comparatives available | 2                           | 5      |

Table 186: Service delivery indicators: Child Care; Aged Care; Social Programmes

### 3.15.3 EMPLOYEES: SOCIO ECONOMIC

| Employees: Socio Economic |           |           |                                  |                                   |
|---------------------------|-----------|-----------|----------------------------------|-----------------------------------|
| Job Level                 | 2011/12   | 2012/13   |                                  |                                   |
|                           | Employees | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
|                           | No.       | No.       | No.                              | %                                 |
| 0 - 3                     | 0         | 0         | 0                                | 0                                 |
| 4 - 6                     | 5         | 5         | 0                                | 0                                 |
| 7 - 9                     | 0         | 0         | 0                                | 0                                 |
| 10 - 12                   | 4         | 4         | 0                                | 0                                 |
| 13 - 15                   | 0         | 0         | 0                                | 0                                 |
| <b>Total</b>              | <b>9</b>  | <b>9</b>  | <b>0</b>                         | <b>0</b>                          |

Employees and Posts numbers are as at 30 June.

Table 187: Employees: Socio Economic

## COMPONENT E: ENVIRONMENTAL PROTECTION

The Section Facilities and Environment manages environmental protection that includes environmental education, aesthetics and wild animal management such as baboons, as well as the protection of fauna and flora. The department is in the process of developing an Environmental Plan.



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### 3.16 POLLUTION CONTROL

Environmental Officers within the department are responsible for pollution control. The focus is mainly on pollution and illegal dumping. The municipality are part of the Regional Air Quality Forum and have an official appointed as Air Quality Officer. We put a lot of emphasis on education and training of youth and learners.

#### 3.16.1 SERVICE STATISTICS – POLLUTION CONTROL

| Type of service                                    | 2011/12 | 2012/13 |
|--|---------|---------|
| Pollution Control                                  |         |         |
| Number of environmental education initiatives held | 0       | 5       |
| Number of baboon damage incidents                  | 0       | 3       |

Table 188: Service Statistics: Pollution Control

### 3.17 PARKS, PUBLIC OPEN SPACES AND RIVER MANAGEMENT

Parks management is responsible for the management and maintenance of parks in the municipal area. New parks are designed and developed by the section. The function also includes river maintenance and conservation of municipal nature areas. We have more than 50 hectares of official parks and many more open spaces and areas that needs maintenance. Parks are cur at least once every 3 weeks.

#### 3.17.1 EMPLOYEES: PARKS, PUBLIC OPEN SPACES AND RIVER MANAGEMENT

| Employees: Parks, public open spaces and river management |           |           |                                  |                                   |
|---|-----------|-----------|----------------------------------|-----------------------------------|
| Job Level   | 2011/12   | 2012/13   |                                  |                                   |
|   | Employees | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
|   | No.       | No.       | No.                              | %                                 |
| 0 - 3   | 30        | 30        | 0                                | 0                                 |
| 4 - 6   | 5         | 5         | 0                                | 0                                 |
| 7 - 9   | 2         | 2         | 0                                | 0                                 |
| 10 - 12   | 0         | 0         | 0                                | 0                                 |
| 13 - 15   | 0         | 0         | 0                                | 0                                 |
| Total   | 37        | 37        | 0                                | 0                                 |
| Employees and Posts numbers are as at 30 June.            |           |           |                                  |                                   |

Table 189: Employees: Parks, public open spaces and river management



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### COMPONENT F: SECURITY AND SAFETY

This component includes: Traffic; fire; disaster management, licensing and control of animals, and control of public nuisances, etc.

#### 3.18 TRAFFIC

Our top service delivery priorities are reducing the number of road deaths caused by accidents through traffic law enforcement, speed enforcement and road traffic safety education at schools and other institutions. Another priority will be to improve service delivery at the Traffic Centre. This will be achieved through service excellence and by identifying shortcomings and addressing these through training initiatives.

##### 3.18.1 SERVICE STATISTICS – TRAFFIC SERVICES

| Details   | 2011/12    | 2012/13    |
|---|------------|------------|
|   | Actual No. | Actual No. |
| Number of road traffic accidents during the year          | 1 486      | 866        |
| Number of by-law infringements attended                   | 0          | 0          |
| Number of Traffic officers in the field on an average day | 3          | 5          |
| Number of Traffic officers on duty on an average day      | 8          | 9          |
| Animals impounded   | 0          | 0          |
| Motor vehicle licenses processed                          | 21 360     | 23 120     |
| Learner driver licenses processed                         | 2 746      | 2 555      |
| Driver licenses processed                                 | 2 301      | 2 210      |
| Driver licenses issued                                    | 1 179      | 785        |
| Fines issued for traffic offenses                         | 18 253     | 8 353      |
| R-value of fines collected                                | 833 288    | 708 827    |
| Operational call-outs                                     | 12 327     | 14 148     |
| Roadblocks held   | 1          | 9          |
| Complaints attended to by Traffic Officers                | 160        | 251        |
| Special Functions – Escorts                               | 25         | 33         |
| Awareness initiatives on public safety                    | 12         | 19         |

Table 190: Service Statistics: Traffic and Licensing Services

##### 3.18.2 SERVICE DELIVERY INDICATORS: TRAFFIC AND LICENSING SERVICES

| Ref | Strategic Objective | KPI | Actual 2011/12 | Overall performance 2011/12 |
|-----|---------------------|-----|----------------|-----------------------------|
|-----|---------------------|-----|----------------|-----------------------------|



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|    |  |  |  | Target | Actual |
|----|--|--|--|--------|--------|
| 6A | To improve safety & security through partnerships  | Number of meetings held with SAPS                              | New performance indicator for 2012/13. No comparatives available | 4      | 4      |
| 1L | Expand staff & capital resources in law enforcement & emergency services to provide improved services to all, especially the most vulnerable communities | Community Satisfaction survey (Score 1-5) - safety & security. | New performance indicator for 2012/13. No comparatives available | 2      | 2      |

Table 191: Service delivery indicators: Traffic and Licensing Services

### 3.18.3 EMPLOYEES: TRAFFIC

| Employees: Traffic                             |           |           |                                  |                                   |
|--|-----------|-----------|----------------------------------|-----------------------------------|
| Job Level                                      | 2011/12   | 2012/13   |                                  |                                   |
|  | Employees | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
|  | No.       | No.       | No.                              | %                                 |
| 0 - 3  | 0         | 0         | 0                                | 0                                 |
| 4 - 6  | 9         | 9         | 0                                | 0                                 |
| 7 - 9  | 17        | 17        | 0                                | 0                                 |
| 10 - 12  | 1         | 1         | 0                                | 0                                 |
| 13 - 15  | 1         | 1         | 0                                | 0                                 |
| <b>Total</b>                                   | <b>28</b> | <b>28</b> | <b>0</b>                         | <b>0</b>                          |
| Employees and Posts numbers are as at 30 June. |           |           |                                  |                                   |

Table 192: Employees: Traffic

### 3.18.4 CAPITAL EXPENDITURE – TRAFFIC SERVICES

| Capital Projects  | 2012/13    |                   |                    |                                 |                     |
|---|------------|-------------------|--------------------|---------------------------------|---------------------|
|   | Budget     | Adjustment Budget | Actual Expenditure | Variance from adjustment budget | Total Project Value |
| R'000   |            |                   |                    |                                 |                     |
| <b>Total All</b>  | <b>150</b> | <b>248</b>        | <b>244</b>         | <b>1%</b>                       | <b>244</b>          |
|   |            |                   |                    |                                 |                     |
| Upgrade building  | 150        | 237               | 234                | 1%                              | 237                 |
| Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate). |            |                   |                    |                                 |                     |

Table 193: Capital Expenditure 2012/13: Traffic Service

### 3.19 FIRE



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Fire Services function is provided in conjunction with the Cape Winelands District Municipality. An agreement was reached on support from the District Municipality. Witzenberg Municipality mainly attends to urban fires in built areas and the District Municipality to fires outside urban areas. Support does however take place as and when needed. Personnel capacity does hamper the delivery of a proper services but a satellite fire station was implemented in Tulbagh.

### 3.19.1 SERVICE STATISTICS – FIRE SERVICES

| Details                               | 2011/12  | 2012/13  |
|---------------------------------------|----------|----------|
|                                       | Actual   | Actual   |
| Total fires attended in the year      | 292      | 365      |
| Average turnout time - urban areas    | > 20 min | > 20 min |
| Average turnout time - rural areas    | > 20 min | > 20 min |
| Fire fighters in post at year end     | 0        | 5        |
| Total fire appliances at year end     | 4        | 5        |
| Total Operational call-outs           | 292      | 365      |
| Reservists and volunteers not trained | 14       | 14       |
| Awareness Initiatives on Fire Safety  | 6        | 12       |
| Working of Fire                       | 24       | 12       |

Table 194: Service Data for Fire Services

### 3.19.2 CAPITAL EXPENDITURE – FIRE SERVICES

| Capital Projects   | 2012/13      |                   |                    |                                 |                     |
|--|--------------|-------------------|--------------------|---------------------------------|---------------------|
|  | Budget       | Adjustment Budget | Actual Expenditure | Variance from adjustment budget | Total Project Value |
| R'000  |              |                   |                    |                                 |                     |
| <b>Total All</b>   | <b>1 043</b> | <b>1 258</b>      | <b>1 215</b>       | <b>3%</b>                       | <b>1 258</b>        |
| Fire fighting equipment  | 100          | 179               | 151                | 16%                             | 179                 |
| New fire fighting vehicle  | 663          | 753               | 753                | 0%                              | 753                 |
| <i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i> |              |                   |                    |                                 |                     |

Table 195: Capital Expenditure 2012/13: Fire Services



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### 3.20 OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)

The Disaster Management function is not fully developed yet and personnel for the function do not exist. The function is delivered in conjunction with the Cape Winelands District Municipality and the Fire Services and Traffic Department. The municipality is in the process of developing a Disaster Management Plan. No serious disasters were experienced during the past year. Support is given to families in informal areas where fires have demolished structures. Support depends on the extremity but includes temporary housing in community facilities and food-parcels being distributed.

The municipality does not enforce animal licensing at this stage. Animal control is, however, problematic as the municipality does not manage an animal pound and it is too expensive to impound animals to neighbouring towns which do manage pounds.

Public nuisances' are addressed by the Traffic Department. No records are kept of incidents as they are very limited.

The municipality does not enforce animal licensing at this stage. Animal control is, however, problematic as the municipality does not manage an animal pound and it is too expensive to impound animals to neighbouring towns which do manage pounds.

Public nuisances' are addressed by the Traffic Department. No records are kept of incidents as they are very limited.

### COMPONENT G: SPORT AND RECREATION

This component includes: community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

The municipality manages one resort, namely Dennebos. This resort offers the following facilities for visitors and the local community:

- 97 accommodation units for that can house 506 people
- 22 normal camping sites and 286 sites for long-term rentals
- 1 recreation hall
- 2 conference halls
- 1 Olympic size and 2 smaller for kids, swimming pools
- The recreation area includes a play park for kids, putt-putt, trampolines, table tennis, badminton and squash courts

The number of visitors for 2012/13 applicable to accommodation units and normal camping sites, amounted to 22 678 (48 672 bed nights).

Besides the swimming pools in Dennebos, three more swimming pools are available to the local community in:

- Ceres (one)
- Tulbagh (one)
- Wolseley (one)



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We are in the process of building a swimming pool in Prince Alfred Hamlet which will be completed towards the end of September 2013.

According to ticket sales, 8 300 adults and 20 600 kids visited the pools during 2012/13.

All pools are daily maintained to ensure clean pools for visitors.

### 3.21 SPORT AND RECREATION

#### 3.21.1 EMPLOYEES: SPORT AND RECREATION

| Employees: Sport and recreation                       |           |           |                                  |                                   |
|---|-----------|-----------|----------------------------------|-----------------------------------|
| Job Level   | 2011/12   | 2012/13   |                                  |                                   |
|   | Employees | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
|   | No.       | No.       | No.                              | %                                 |
| 0 - 3   | 28        | 28        | 0                                | 0                                 |
| 4 - 6   | 30        | 30        | 0                                | 0                                 |
| 7 - 9   | 1         | 1         | 0                                | 0                                 |
| 10 - 12   | 0         | 0         | 0                                | 0                                 |
| 13 - 15   | 0         | 0         | 0                                | 0                                 |
| 16 - 18   | 0         | 0         |                                  |                                   |
| <b>Total</b>  | <b>59</b> | <b>59</b> | <b>0</b>                         | <b>0</b>                          |
| <i>Employees and Posts numbers are as at 30 June.</i> |           |           |                                  |                                   |

Table 196: Employees: Sport and recreation

## COMPONENT H: CORPORATE POLICY OFFICES AND OTHER SERVICES

### 3.22 FINANCIAL SERVICES

An important factor considered by investors in relocating to an area is the ability of the authorities to demonstrate adequate provision of services, financial discipline, affordable tariffs, adherence to statutory requirements, timely preparation and production of financial statements, adherence to generally accepted accounting practices and unqualified audit reports.

#### Operational financing

Council's policy is to fund operating expenses from normal revenue streams with short term borrowing being used as a last resort. It is expected that strong financial management including accurate cash forecasting will obviate the need to resort to short-term borrowings.

#### Working Capital





## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

It is Council's intention to create sufficient cash reserves by way of good financial management including the setting aside of adequate provisions for working capital.

### Revenue raising strategy

The guidance on how to improve the payment ratio of the area can be found in the credit control and debt collection policy. This policy highlights the procedures to be followed in the collection of all money owed to the Municipality.

### Expenditure Management

To reduce expenditure on non-core functions, by considering Public Private Partnerships.

### 3.22.1 SERVICE STATISTICS – FINANCIAL SERVICES

| Debt Recovery   |                |                                    |   |                |   |   |
|---|----------------|------------------------------------|---|----------------|---|---|
| Details of the types of account raised and recovered  | 2011/12        |                                    |   | 2012/13        |   |   |
|   | Billed in Year | Actual for accounts billed in year | Proportion of accounts value billed that were collected % | Billed in Year | Estimated outturn for accounts billed in year | Estimated Proportion of accounts billed that were collected % |
| R'000   |                |                                    |   |                |   |   |
| Property Rates  | 37 625         | 36 485                             | 97.0%   | 44 230         | 40 859  | 92.4%   |
| Electricity – B & C   | 128 156        | 125 589                            | 98.0%   | 146 639        | 143 966                                       | 98.2%   |
| Water – B & C   | 25 771         | 19 559                             | 75.9%   | 27 856         | 19 752  | 70.9%   |
| Sanitation  | 11 992         | 8 582                              | 71.6%   | 16 011         | 11 733  | 73.3%   |
| Refuse  | 13 997         | 10 731                             | 76.7%   | 16 216         | 11 762  | 72.5%   |
| Other   | 158            | 71                                 | 44.9%   | 1 121          | 957   | 85.4%   |
| <b>Total</b>  | <b>217 699</b> | <b>201 017</b>                     | <b>92.3%</b>  | <b>252 074</b> | <b>229 029</b>                                | <b>90.9%</b>  |
| <p><i>B – Basic; C – Consumption.</i></p> <p><i>The proportion of account value billed is calculated by taking the total value of the year's revenues collected against the bills raised in the year by the year's billed revenues.</i></p> |                |                                    |   |                |   |   |

Table 197: Service Standards for Financial Services

### 3.22.2 EMPLOYEES: FINANCIAL SERVICES

| Employees: Financial Services |           |           |                                  |                                   |
|-------------------------------|-----------|-----------|----------------------------------|-----------------------------------|
| Job Level                     | 2011/12   | 2012/13   |                                  |                                   |
|                               | Employees | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
|                               | No.       | No.       | No.                              | %                                 |
| 0 - 3                         | 0         | 0         | 0                                | 0                                 |
| 4 - 6                         | 33        | 33        | 0                                | 0                                 |



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Employees: Financial Services |           |           |                                  |                                   |
|-------------------------------|-----------|-----------|----------------------------------|-----------------------------------|
| Job Level                     | 2011/12   | 2012/13   |                                  |                                   |
|                               | Employees | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
|                               | No.       | No.       | No.                              | %                                 |
| 7 - 9                         | 14        | 14        | 0                                | 0                                 |
| 10 - 12                       | 6         | 6         | 0                                | 0                                 |
| 13 - 15                       | 0         | 0         | 0                                | 0                                 |
| 16 – 18                       | 4         | 4         | 1                                | 25                                |
| <b>Total</b>                  | <b>57</b> | <b>57</b> | <b>1</b>                         | <b>1.75</b>                       |

Employees and Posts numbers are as at 30 June.

Table 198: Employees: Financial Services

### 3.22.3 SERVICE DELIVERY INDICATORS: FINANCIAL SERVICES

| Ref | Strategic Objective   | KPI   | Actual 2011/12   | Overall performance 2011/12 |             |
|-----|---|---|--|-----------------------------|-------------|
|     |   |   |  | Target                      | Actual      |
| 1A  | Provide & maintain economic & social infrastructure to ensure infrastructure-led growth & development | Percentage spend on repairs and maintenance for the whole municipality.         | New performance indicator for 2012/13. No comparatives available | 99%                         | 91%         |
| 1C  | Provide & maintain economic & social infrastructure to ensure infrastructure-led growth & development | Percentage spend on Capital Budget  | New performance indicator for 2012/13. No comparatives available | 94%                         | 95%         |
| 2A  | Ensure financial prudence, with clean audits by the Auditor General                                   | Opinion of the Auditor-General  | Unqualified  | Unqualified                 | Unqualified |
| 5A  | Providing a safety net for vulnerable communities   | Number of account holders subsidised through the municipality's Indigent Policy | 4,788  | 3,900                       | 4,126       |

Table 199: Service delivery indicators: Financial Services

### 3.23 HUMAN RESOURCE SERVICES

The Human Resources Section within Witzenberg Municipality incorporates the following disciplines which are- Recruitment and Selection, Leave Administration, Benefit Administration, Labour Relations , Training and Development , Health and Safety Performance Management, Work Study Administration.

#### 3.23.1 SERVICE STATISTICS – HUMAN RESOURCE SERVICES

| Details | 2011/12 | 2012/13 |
|---------|---------|---------|
|---------|---------|---------|



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Details   | 2011/12  | 2012/13  |
|---|----------|----------|
| Number of HR policies reviewed                    | 4        | 0        |
| Number of total permanent employees               | 498      | 512      |
| Number of total temporary employees               | 49       | 57       |
| Number of total injuries IOD cases                | 56       | 60       |
| Number of total approved annual leave days taken  | 10 379   | 11 404.5 |
| Number of Family Responsibility leave days taken  | 486      | 526.5    |
| Number of total Health and Safety Representatives | 20       | 20       |
| Number of total First Aiders                      | 17       | 17       |
| Number of sick days leave taken                   | 3 724.50 | 4 202.5  |
| Number of termination                             | 47       | 27       |
| Number of new employees appointed                 | 68       | 21       |
| Number of total employees trained                 | 288      | 367      |
| Number of total female employees trained          | 86       | 101      |
| Number of total male employees trained            | 202      | 266      |
| Number of total Learnerships enrolled             | 4        | 5        |
| Number of total Training Courses rolled out       | 76       | 98       |

**Table 200:** Service Data for Human Resource Services

### 3.24 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

Management and maintenance of IT infrastructure that includes hardware and software. Update and maintenance of municipal website. Upkeep and maintenance of LAN and WAN. Administrator of electronic documents system (TRIM). Manage service providers for outsourced functions.

#### 3.24.1 SERVICE STATISTICS – INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

| Details  | 2011/12 | 2012/13  |
|--|---------|----------|
|  | Actual  | Actual   |
| Desktop Support                                    | 143     | 204      |
| Network Support                                    | 90      | 156      |
| Network downtime experienced                       | 0       | 0        |
| Server downtime experienced (total for 15 servers) | <5hours | 36 hours |



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Details                 | 2011/12 | 2012/13 |
|-------------------------|---------|---------|
|                         | Actual  | Actual  |
| File Restores requested | 108     | 80      |

**Table 201:** Service Data for Information and Communication Technology (ICT) Services

| Capital Projects  | 2012/13    |                   |                    |                                 |                     |
|---|------------|-------------------|--------------------|---------------------------------|---------------------|
|   | Budget     | Adjustment Budget | Actual Expenditure | Variance from adjustment budget | Total Project Value |
| R'000   |            |                   |                    |                                 |                     |
| <b>Total All</b>  | <b>355</b> | <b>1 250</b>      | <b>1 274</b>       | <b>(1)%</b>                     | <b>1 274</b>        |
| Computer replacement  | 200        | 255               | 255                | 0%                              | 255                 |
| Microsoft licences  | 0          | 620               | 649                | (4)%                            | 649                 |
| <i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)</i> |            |                   |                    |                                 |                     |

**Table 202:** Capital Expenditure 2012/13: Information and Communication Technology (ICT) Services

### 3.25 RISK MANAGEMENT AND INTERNAL AUDIT

Witzenberg Municipality does not have a Risk Management sub-directorate. The Accounting Officer is the Chief Risk Officer and the duties are delegated to the Chief Financial Officer and Internal Audit. Internal Audit is responsible to facilitate risk assessment. Portfolio directors and risk owners are responsible to maintain controls and the implementation of action plans to mitigate and improve risks.

The risk register of the municipality is reviewed and updated on a continuous basis and reassessed annually to form the basis for the compilation of the risk based audit and 3 year strategic plans.

Internal Audit is an in-house function that performs internal audits based on the approved Risk Based Audit Plan and other statutory audits as required by the Municipal Finance Management Act, 56 of 2003 and System Act of No. 32 of 2000.

The Internal Audit function reports functionally to the Performance, Risk and Audit Committee and administratively to the Municipal Manager.

#### 3.25.1 SERVICE STATISTICS –INTERNAL AUDIT

| Details  | 2011/12  | 2012/13  |
|--|----------|----------|
|  | Actual # | Actual # |
| Compilation of the Risk Based Audit and 3 year strategic plans | 1        | 1        |
| Internal Audits  | 7        | 6        |

**Table 203:** Service statistics for Internal Audit



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### 3.25.2 SERVICE DELIVERY INDICATORS: RISK MANAGEMENT AND INTERNAL AUDIT

| Ref | Strategic Objective                               | KPI                           | Actual 2011/12   | Overall performance 2011/12 |        |
|-----|---|-------------------------------|--|-----------------------------|--------|
|     |   |                               |  | Target                      | Actual |
| 3C  | Ensure a transparent & corruption-free government | Number of PRAC meetings held. | New performance indicator for 2012/13. No comparatives available | 5                           | 5      |

Table 204: Service delivery indicators: Risk Management and Internal Audit

### 3.25.3 EMPLOYEES: INTERNAL AUDIT

| Employees: Risk Management and Internal Audit  |           |          |           |                                  |                                   |
|--|-----------|----------|-----------|----------------------------------|-----------------------------------|
| Job Level                                      | 2011/12   | 2012/13  |           |                                  |                                   |
|  | Employees | Posts    | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
|  | No.       | No.      | No.       | No.                              | %                                 |
| 0 - 3  | 0         | 0        | 0         | 0                                | 0                                 |
| 4 - 6  | 0         | 1        | 0         | 1                                | 100                               |
| 7 - 9  | 0         | 0        | 0         | 0                                | 0                                 |
| 10 - 12  | 0         | 0        | 0         | 0                                | 0                                 |
| 13 - 15  | 1         | 1        | 1         | 0                                | 0                                 |
| 16 - 18  | 0         | 1        | 1         | 0                                | 0                                 |
| <b>Total</b>                                   | <b>1</b>  | <b>3</b> | <b>2</b>  | <b>1</b>                         | <b>33.3</b>                       |
| Employees and Posts numbers are as at 30 June. |           |          |           |                                  |                                   |

Table 205: Employees: Internal Audit

### 3.26 LEGAL SERVICES

Witzenberg municipality do not have a legal department and manage all legal cases on an adhoc basis.



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# *Chapter 4*



## *Organisational Development Performance*

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## CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

### CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMAMNCE

#### 4.1 INTRODUCTION TO THE MUNICIPAL WORKFORCE

The Witzenberg Municipality currently employs **556** officials excluding councillors, who individually and collectively contribute to the achievement of Municipality's objectives. The primary objective of Human Resource Management is to render an innovative HR service that addresses both skills development and an administrative function.

##### 4.1.1 EMPLOYMENT EQUITY

The Employment Equity Act (1998) Chapter 3, Section 15 (1) states that affirmative action measures are measures designed to ensure that suitable qualified people from designated groups have equal employment opportunities and are equitably represented in all occupational categories and levels in the workforce of a designated employer. The national performance indicator also refers to: "Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan"

##### a) Employment Equity targets/actual

| African     |             |              | Coloured    |             |              | Indian      |             |              | White       |             |              |
|-------------|-------------|--------------|-------------|-------------|--------------|-------------|-------------|--------------|-------------|-------------|--------------|
| Target June | Actual June | Target reach | Target June | Actual June | Target reach | Target June | Actual June | Target reach | Target June | Actual June | Target reach |
| 75%         | 76%         | 76%          | 75%         | 76%         | 76%          | 75%         | 76%         | 76%          | 75%         | 76%         | 76%          |

Table 206: 2012/13 EE targets/Actual by racial classification

| Male        |             |              | Female      |             |              | Disability  |             |              |
|-------------|-------------|--------------|-------------|-------------|--------------|-------------|-------------|--------------|
| Target June | Actual June | Target reach | Target June | Actual June | Target reach | Target June | Actual June | Target reach |
| 75%         | 76%         | 76%          | 75%         | 76%         | 76%          | 75%         | 76%         | 76%          |

Table 207: 2012/13 EE targets/actual by gender classification

##### b) Employment Equity vs. Population

| Description  | African | Coloured | Indian | White | Total   |
|--|---------|----------|--------|-------|---------|
| Population numbers   | 29 300  | 76 450   | 273    | 8 944 | 114 967 |
| % Population   | 25.4    | 66.5     | 0.3    | 7.8   | 100     |
| Number for positions filled  | 139     | 377      | 1      | 39    | 556     |
| Number for positions filled for the 2012/13 financial year (Permanent plus Temporary Appointments) | 8       | 19       | 0      | 7     | 34      |
| % for Positions filled   | 5.75    | 5.03     | 0      | 17.94 | 6.12    |



## CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

Table 208: EE population 2012/13

Note: The total population numbers is based on projection done by Global Insight.

### c) Occupational Categories – Race

Below is a table that indicates the number of employees by race within the specific occupational categories (including the Councillors):

| Posts filled                               |            |            |          |           |           |            |          |           |            |
|--|------------|------------|----------|-----------|-----------|------------|----------|-----------|------------|
| Occupational                               | Male       |            |          |           | Female    |            |          |           | Total      |
| categories                                 | A          | C          | I        | W         | A         | C          | I        | W         |            |
| Legislators, senior officials and managers | 5          | 18         | 0        | 11        | 1         | 7          | 1        | 1         | 44         |
| Professionals                              | 1          | 13         | 0        | 3         | 2         | 13         | 0        | 3         | 35         |
| Technicians and associate professionals    | 3          | 31         | 0        | 5         | 1         | 1          | 0        | 0         | 41         |
| Clerks                                     | 6          | 25         | 0        | 1         | 12        | 50         | 0        | 14        | 109        |
| Service and sales workers                  | 0          | 1          | 0        | 0         | 3         | 9          | 0        | 0         | 13         |
| Craft and related trades workers           | 8          | 15         | 0        | 1         | 3         | 5          | 0        | 2         | 34         |
| Plant and machine operators and assemblers | 21         | 67         | 0        | 2         | 1         | 0          | 0        | 0         | 91         |
| Elementary occupations                     | 58         | 109        | 0        | 0         | 18        | 27         | 0        | 0         | 212        |
| <b>Total permanent</b>                     | <b>103</b> | <b>279</b> | <b>0</b> | <b>23</b> | <b>41</b> | <b>112</b> | <b>1</b> | <b>20</b> | <b>579</b> |
|  | 3          | 9          | 0        | 2         | 10        | 18         | 0        | 1         | 43         |
| <b>Grand total</b>                         | <b>106</b> | <b>288</b> | <b>0</b> | <b>25</b> | <b>51</b> | <b>130</b> | <b>1</b> | <b>21</b> | <b>622</b> |

Table 209: Occupational Categories

### d) Occupational Levels - Race

The table below categories the number of employees by race within the occupational levels: (NOTE: 23 Legislators (councillors) not included.)

| Occupational  | Male |     |   |    | Female |    |   |   | Total |
|---|------|-----|---|----|--------|----|---|---|-------|
| Levels  | A    | C   | I | W  | A      | C  | I | W |       |
| Top Management  | 0    | 1   | 0 | 0  | 0      | 0  | 0 | 0 | 1     |
| Senior management   | 1    | 0   | 0 | 1  | 0      | 0  | 0 | 0 | 2     |
| Professionally qualified and experienced specialists and mid- management  | 1    | 18  | 0 | 11 | 2      | 12 | 1 | 2 | 47    |
| Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents | 9    | 55  | 0 | 4  | 4      | 18 | 0 | 6 | 96    |
| Semi-skilled and discretionary decision making  | 36   | 123 | 0 | 2  | 20     | 52 | 0 | 9 | 242   |
| Unskilled and defined decision making   | 51   | 81  | 0 | 0  | 14     | 22 | 0 | 0 | 168   |





## CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

| Occupational Levels      | Male       |            |          |           | Female    |            |          |           | Total      |
|--------------------------|------------|------------|----------|-----------|-----------|------------|----------|-----------|------------|
|                          | A          | C          | I        | W         | A         | C          | I        | W         |            |
| <b>Total permanent</b>   | <b>98</b>  | <b>278</b> | <b>0</b> | <b>18</b> | <b>40</b> | <b>104</b> | <b>1</b> | <b>17</b> | <b>556</b> |
| Non- permanent employees | 3          | 9          | 0        | 2         | 10        | 18         | 0        | 1         | 43         |
| <b>Grand total</b>       | <b>101</b> | <b>287</b> | <b>0</b> | <b>20</b> | <b>50</b> | <b>122</b> | <b>1</b> | <b>18</b> | <b>599</b> |

Table 210: Occupational Levels

### e) Departments - Race

The following table categories the number of employees by race within the different departments (Excluding 23 Councillors)

| Department                      | Male       |            |          |           | Female    |            |          |           | Total      |
|---------------------------------|------------|------------|----------|-----------|-----------|------------|----------|-----------|------------|
|                                 | A          | C          | I        | W         | A         | C          | I        | W         |            |
| Office of the Municipal Manager | 0          | 3          | 0        | 1         | 1         | 2          | 0        | 0         | 7          |
| Corporate Services              | 2          | 8          | 0        | 2         | 3         | 12         | 1        | 3         | 31         |
| Financial Services              | 1          | 14         | 0        | 2         | 5         | 20         | 0        | 8         | 49         |
| Community Services              | 32         | 85         | 0        | 4         | 24        | 58         | 0        | 4         | 206        |
| Technical Services              | 63         | 168        | 0        | 9         | 7         | 12         | 0        | 2         | 263        |
| <b>Total permanent</b>          | <b>98</b>  | <b>278</b> | <b>0</b> | <b>18</b> | <b>40</b> | <b>104</b> | <b>1</b> | <b>17</b> | <b>556</b> |
| Non- permanent                  | 3          | 9          | 0        | 2         | 10        | 18         | 0        | 1         | 43         |
| <b>Grand total</b>              | <b>101</b> | <b>287</b> | <b>0</b> | <b>20</b> | <b>50</b> | <b>122</b> | <b>1</b> | <b>18</b> | <b>599</b> |

Table 211: Department – Race

### 4.1.2 VACANCY RATE

The approved organogram for the municipality had 763 posts for the 2012/13 financial year. The actual positions filled are indicated in the tables below by post level and by functional level. 4 Posts were vacant at the end of 2012/13, resulting in a vacancy rate of **0.69%**.

Below is a table that indicates the vacancies within the municipality:

| PER POST LEVEL  |        |        |
|---|--------|--------|
| Post level  | Filled | Vacant |
| MM & MSA section 57 & 56  | 3      | 2      |
| Middle management   | 18     | 0      |
| Professionals   | 27     | 1      |
| Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents | 96     | 1      |
| Unskilled and defined decision making   | 242    |        |
| General Workers   | 168    | 2      |



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| PER POST LEVEL                  |        |        |
|---------------------------------|--------|--------|
| Post level                      | Filled | Vacant |
| Total                           | 556    | 5      |
| PER FUNCTIONAL LEVEL            |        |        |
| Functional area                 | Filled | Vacant |
| Office of the Municipal Manager | 7      | 0      |
| Corporate Services              | 31     | 0      |
| Financial Services              | 48     | 1      |
| Community Services              | 206    | 1      |
| Technical Services              | 263    | 3      |
| Total                           | 556    | 5      |

**Table 212:** Vacancy rate per post and functional level

The table below indicates the vacancies per Section 57 and 56 posts:

| Salary Level                 | Number of Section 57 and 56 vacancies | Vacancy % (as a proportion of the total Section 57 and 56 posts) |
|------------------------------|---------------------------------------|--|
| Municipal Manager            | 0                                     | 0  |
| Chief Financial Officer      | 1                                     | 100  |
| Director: Corporate Services | 0                                     | 0  |
| Director: Community Services | 1                                     | 100  |
| Director: Technical Services | 0                                     | 0  |
| Total                        | 2                                     | 40   |

**Table 213:** Vacancy rate per Section 57 and 56 posts

### 4.1.3 TURNOVER RATE

A high turnover may be costly to a municipality and might negatively affect productivity, service delivery and institutional memory/organizational knowledge. Below is a table that shows the turnover rate within the municipality. The turnover rate shows a decrease from 8.97% in 2011/12 to **4.86%** in 2012/13.

The table below indicates the turn-over rate over the last three years:

| Financial year | Total no appointments at the end of each Financial Year | New appointments (Permanent Appointments) | No Terminations during the year | Turn-over Rate |
|----------------|---|---|---------------------------------|----------------|
| 2011/12        | 523   | 68  | 47                              | 8.97%          |
| 2012/13        | 556   | 21  | 27                              | 4.86%          |

**Table 214:** Turnover Rate

The reason for the decrease in the turnover rate for the 2012/13 financial year is because there were less retirements, dismissals and resignations.



## CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

### 4.2 MANAGING THE MUNICIPAL WORKFORCE

Managing the municipal workforce refers to analysing and coordinating employee behaviour.

#### 4.2.1 INJURIES

An occupational injury is a personal injury, disease or death resulting from an occupational accident. Compensation claims for such occupational injuries are calculated according to the seriousness of the injury/disease and can be costly to a municipality. Occupational injury will influence the loss of man hours and therefore financial and productivity performance.

The injury rate shows a slight **increase** for the 2012/13 financial year from 60 employees injured against 56 employees in the 2011/12 financial year.

Incidents are investigated to determine whether there was any negligence involved to ensure that it is an actual injury on duty.

The table below indicates the total number of injuries within the different directorates:

| Directorates                    | 2011/12   | 2012/13   |
|---------------------------------|-----------|-----------|
| Office of the Municipal Manager | 0         | 0         |
| Corporate Services              | 4         | 2         |
| Financial Services              | 0         | 1         |
| Community Services              | 27        | 31        |
| Technical Services              | 25        | 24        |
| <b>Total</b>                    | <b>56</b> | <b>60</b> |

*Table 215: Injuries*

Injuries in the Operational Services are normally higher due to the nature of work and the constant handling of equipment and machinery.

#### 4.2.2 SICK LEAVE

The number of day's sick leave taken by employees has service delivery and cost implications. The monitoring of sick leave identifies certain patterns or trends. Once these patterns are identified, corrective action can be taken.

The total number of employees that have taken sick leave during the 2012/13 financial year shows an **increase** when comparing it with the 2011/12 financial year.

The table below indicates the total number sick leave days taken within the different directorates:

| Department                      | 2011/12 | 2012/13 |
|---------------------------------|---------|---------|
| Office of the Municipal Manager | 6       | 25.5    |
| Corporate Services              | 206     | 313     |
| Financial Services              | 309.5   | 317     |



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| Department         | 2011/12         | 2012/13        |
|--------------------|-----------------|----------------|
| Community Services | 1 481           | 1 543          |
| Technical Services | 1 722           | 2 004          |
| <b>Total</b>       | <b>3 724.50</b> | <b>4 202.5</b> |

Table 216: Sick Leave

### 4.2.3 HR POLICIES AND PLANS

Policies and plans provide guidance for fair and consistent staff treatment and a consistent approach to the managing of staff.

The table below shows the HR policies and plans that are approved and that still needs to be developed:

| Approved policies  |                           |
|--|---------------------------|
| Name of policy   | Date approved/ revised    |
| Attendance and punctuality                               | 4 August 2010             |
| Employment practice                                      | 4 August 2010             |
| Employment Equity  | 4 August 2010             |
| Employees under the influence of intoxicating substances | 4 August 2010             |
| Legal Aid Policy   | 4 August 2010             |
| Relocation Policy  | 4 August 2010             |
| HIV/Aids policy  | 4 August 2010             |
| Internal Bursary   | 4 August 2010             |
| Occupational Health And safety                           | 4 August 2010             |
| Incapacity: Due to poor work performance                 | 4 August 2010             |
| Sexual Harassment Policy                                 | 4 August 2010             |
| Incapacity: Due to ill health/ injury policy             | 4 August 2010             |
| Private work and declaration of interests                | 4 August 2010             |
| Overtime policy  | 31 May 2012               |
| Proposed Scares skills Policy                            | 31 May 2012               |
| Employee assistance policy                               | 31 May 2012               |
| Employment Policy  | 29 February 2012          |
| Policies still to be developed                           |                           |
| Name of policy   | Proposed date of approval |
| Employment on 5/8 basis                                  | 30 June 2014              |
| Imprisoned Employees                                     | 30 June 2014              |
| Longservice Awards Policy                                | 30 June 2014              |

Table 217: HR policies and plans

The Human Resources department submits policies to the Local Labour Forum on a regular basis for review purposes.



## CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

### 4.3 CAPACITATING THE MUNICIPAL WORKFORCE

Section 68(1) of the MSA states that a municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. For this purpose the human resource capacity of a municipality must comply with the Skills Development Act (SDA), 1998 (Act No. 81 of 1998), and the Skills Development Levies Act, 20 1999 (Act No. 28 of 1999).

#### 4.3.1 SKILLS MATRIX

The table below indicates the number of employees that received training in the year under review:

| Management level                           | Gender | Number of employees identified for training at start of the year | Number of Employees that received training |
|--|--------|--|--|
| MM and S57                                 | Female | 0  | 0  |
|  | Male   | 0  | 1  |
| Legislators, senior officials and managers | Female | 10   | 10   |
|  | Male   | 29   | 30   |
| Associate professionals and Technicians    | Female | 13   | 19   |
|  | Male   | 47   | 51   |
| Clerks                                     | Female | 56   | 52   |
|  | Male   | 23   | 24   |
| Service and sales workers                  | Female | 16   | 3  |
|  | Male   | 14   | 3  |
| Plant and machine operators and assemblers | Female | 0  | 1  |
|  | Male   | 71   | 61   |
| Elementary occupations                     | Female | 29   | 16   |
|  | Male   | 132  | 98   |
| Sub total                                  | Female | 123  | 101  |
|  | Male   | 317  | 268  |
| Total                                      |        | 440  | 369  |

**Table 218: Skills Matrix**

*Note: The reason why the figures differ from those in table 63 is due to the fact that some employees that have been identified for training are being identified for more than one training/workshop/skills course. In some instances the employees that are attending learnerships are also booked for a skills course.*

The reason for the total work force not being trained is due to the following:

- Shortage of staff to be released for training

The following training was provided for employees trained:

- Skills programs and other short courses



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- Minimum competencies
- Local Government Accounting certificate
- Training identified for Councillors

### 4.3.2 SKILLS DEVELOPMENT – TRAINING PROVIDED

The Skills Development Act (1998) and the Municipal Systems Act, (2000), require employers to supply employees with the necessary training in order to develop its human resource capacity. Section 55(1)(f) states that as head of administration the Municipal Manager is responsible for the management, utilization and training of staff.

| Occupational categories                    | Gender | Number of employees as at the beginning of the financial year | Training provided within the reporting period |        |   |        |        |        |            |
|--|--------|---|---|--------|---|--------|--------|--------|------------|
|  |        |   | Learnerships                                  |        | Skills programmes & other short courses |        | Total  |        |            |
|  |        |   | Actual  | Target | Actual                                  | Target | Actual | Target | % achieved |
| MM and S57                                 | Female | 0   | 0   | 0      | 0                                       | 0      | 0      | 0      | 0          |
|  | Male   | 1   | 0   | 0      | 0                                       | 0      | 0      | 0      | 0          |
| Legislators, senior officials and managers | Female | 10  | 2   | 2      | 10                                      | 10     | 12     | 12     | 100        |
|  | Male   | 34  | 3   | 3      | 29                                      | 29     | 32     | 32     | 100        |
| Professionals                              | Female | 18  | 1   | 1      | 0                                       | 11     | 1      | 12     | 8.3        |
|  | Male   | 17  | 4   | 4      | 33                                      | 14     | 37     | 18     | 205.6      |
| Technicians and associate professionals    | Female | 2   | 0   | 0      | 19                                      | 2      | 19     | 2      | 0          |
|  | Male   | 39  | 0   | 0      | 18                                      | 33     | 18     | 33     | 55         |
| Clerks                                     | Female | 77  | 6   | 7      | 52                                      | 56     | 58     | 63     | 92.1       |
|  | Male   | 32  | 2   | 2      | 24                                      | 23     | 26     | 25     | 104        |
| Service and sales workers                  | Female | 22  | 0   | 0      | 3                                       | 16     | 3      | 16     | 18.8       |
|  | Male   | 25  | 0   | 0      | 3                                       | 14     | 3      | 14     | 21.4       |
| Craft and related trade workers            | Female | 0   | 0   | 0      | 0                                       | 0      | 0      | 0      | 0          |
|  | Male   | 0   | 0   | 0      | 0                                       | 0      | 0      | 0      | 0          |
| Plant and machine operators and assemblers | Female | 1   | 1   | 1      | 1                                       | 0      | 2      | 1      | 200        |
|  | Male   | 90  | 9   | 9      | 61                                      | 71     | 70     | 80     | 87.5       |
| Elementary occupations                     | Female | 45  | 0   | 0      | 16                                      | 29     | 16     | 29     | 55.2       |
|  | Male   | 167   | 0   | 0      | 98                                      | 132    | 98     | 132    | 74.2       |
| Sub total                                  | Female | 175   | 10  | 11     | 101                                     | 124    | 111    | 135    | 82.2       |
|  | Male   | 404   | 18  | 18     | 266                                     | 316    | 284    | 334    | 85         |
| Total                                      |        | 579   | 28  | 29     | 367                                     | 367    | 440    | 395    | 469        |

Table 219: Skills Development

### 4.3.3 SKILLS DEVELOPMENT - BUDGET ALLOCATION



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The table below indicates that a total amount of R945 000 were allocated to the workplace skills plan and that 93% of the total amount was spent in the 2012/13 financial year:

| Total personnel budget | Total Allocated | Total Spend | % Spent |
|------------------------|-----------------|-------------|---------|
| R11 000 000            | R945 000        | R879 037.55 | 93.02   |

Table 220: Budget allocated and spent for skills development

### 4.3.4 EMPLOYEE PERFORMANCE REWARDS

In accordance with regulation 32, a performance bonus, based on affordability, may be paid to an employee, after -

- (1) The annual report for the financial year under review has been tabled and adopted by the municipal council;
- (2) an evaluation of performance in accordance with the provisions of regulation 23; and
- (3) approval of such evaluation by the municipal council as a reward for outstanding performance.

The evaluation of the performance of Section 57 managers forms the basis for rewarding outstanding performance.

The table below shows the total number of Section 57 that received performance rewards for the 2011/12 financial year. The rewards for 2011/12 were only paid out in the 2013/2014 financial year. The 2012/13 financial year's performance bonuses will only be awarded after the annual report was tabled:

| Race       | Gender | Number of beneficiaries | Total number of employees received performance rewards | % Employees received performance rewards |
|------------|--------|-------------------------|--|--|
| African    | Female | 0                       | 0  | 0  |
|            | Male   | 2                       | 1  | 50%                                      |
| Asian      | Female | 0                       | 0  | 0  |
|            | Male   | 0                       | 0  | 0  |
| Coloured   | Female | 0                       | 0  | 0  |
|            | Male   | 2                       | 2  | 100%                                     |
| White      | Female | 0                       | 0  | 0  |
|            | Male   | 0                       | 0  | 0  |
| Disability | Female | 0                       | 0  | 0  |
|            | Male   | 0                       | 0  | 0  |
| Total      |        | 4                       | 3  | 75%                                      |

Table 221: Performance Rewards

### 4.4 MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE



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Section 66 of the MSA states that the accounting officer of a municipality must report to the Council on all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits. This is in line with the requirements of the Public Service Regulations, (2002), as well as National Treasury Budget and Reporting Regulations SA22 and SA23.

### 4.4.1 PERSONNEL EXPENDITURE

The percentage personnel expenditure is essential in the budgeting process as it reflects on current and future efficiency. The table below indicates the percentage of the municipal budget that was spent on salaries and allowance for the past three financial years and that the municipality is well within the national norm of between 35 to 40%:

| Financial year | Total Expenditure salary and allowances | Total Operating Expenditure | Percentage |
|----------------|---|-----------------------------|------------|
|                | R'000                                   | R'000                       | %          |
| 2011/12        | 89 261                                  | 283 160                     | 31.5       |
| 2012/13        | 96 978                                  | 337 869                     | 28.7       |

Table 222: Personnel Expenditure

Below is a summary of Councillor and staff benefits for the year under review:

| Financial year   | 2011/12      | 2012/13         |                 |              |
|--|--------------|-----------------|-----------------|--------------|
| Description  | Actual       | Original Budget | Adjusted Budget | Actual       |
|  | R'000        | R'000           | R'000           | R'000        |
| <b>Councillors (Political Office Bearers plus Other)</b> |              |                 |                 |              |
| Allowance  | 5 887        | 7 091           | 7 091           | 6 147        |
| Pension Contributions                                    | 735          | 0               | 0               | 760          |
| Medical Aid Contributions                                | 17           | 0               | 0               | 26           |
| Motor vehicle allowance                                  | 0            | 0               | 0               | 0            |
| Cell phone allowance                                     | 0            | 0               | 0               | 0            |
| Housing allowance  | 0            | 0               | 0               | 0            |
| Other benefits or allowances                             | 0            | 0               | 0               | 0            |
| In-kind benefits   | 0            | 0               | 0               | 0            |
| <b>Sub Total - Councillors</b>                           | <b>6 639</b> | <b>7 091</b>    | <b>7 091</b>    | <b>6 933</b> |
| <b>% increase/ (decrease)</b>                            | <b>(0.8)</b> | <b>6.81</b>     | <b>6.81</b>     | <b>4.43</b>  |
| <b>Senior Managers of the Municipality</b>               |              |                 |                 |              |
| Salary   | 2 874        | 3 331           | 3 331           | 3 205        |
| Pension Contributions                                    | 394          | 571             | 571             | 448          |
| Medical Aid Contributions                                | 155          | 84              | 84              | 65           |
| Motor vehicle allowance                                  | 484          | 649             | 649             | 512          |
| Cell phone allowance                                     | 0            | 0               | 0               | 0            |





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| Financial year                                     | 2011/12       | 2012/13         |                 |               |
|--|---------------|-----------------|-----------------|---------------|
| Description  | Actual        | Original Budget | Adjusted Budget | Actual        |
|  | R'000         | R'000           | R'000           | R'000         |
| Housing allowance                                  | 0             | 0               | 0               | 0             |
| Performance Bonus                                  | 575           | 663             | 663             | 0             |
| Other benefits or allowances                       | 0             | 0               | 0               | 0             |
| In-kind benefits                                   | 0             | 0               | 0               | 0             |
| <b>Sub Total - Senior Managers of Municipality</b> | <b>4 482</b>  | <b>5 298</b>    | <b>5 298</b>    | <b>4 231</b>  |
| <b>% increase/ (decrease)</b>                      | <b>(9.4)</b>  | <b>18.20</b>    | <b>18.20</b>    | <b>(5.62)</b> |
| <b>Other Municipal Staff</b>                       |               |                 |                 |               |
| Basic Salaries and Wages                           | 54 029        | 58 460          | 58 620          | 57 287        |
| Pension Contributions                              | 8 680         | 10 210          | 10 122          | 9 596         |
| Medical Aid Contributions                          | 3 741         | 5 622           | 5 281           | 4 240         |
| Motor vehicle allowance                            | 2 366         | 2 574           | 2 883           | 3 011         |
| Cell phone allowance                               | 0             | 0               | 0               | 0             |
| Housing allowance                                  | 704           | 360             | 350             | 324           |
| Overtime   | 4 390         | 3 801           | 3 831           | 4 559         |
| Other benefits or allowances                       | 11 252        | 19 696          | 19 360          | 17 971        |
| <b>Sub Total - Other Municipal Staff</b>           | <b>85 162</b> | <b>95 101</b>   | <b>95 166</b>   | <b>92 748</b> |
| <b>% increase/ (decrease)</b>                      | <b>(3.2)</b>  | <b>11.67</b>    | <b>11.75</b>    | <b>8.9</b>    |
| <b>Total Municipality</b>                          | <b>96 283</b> | <b>100 399</b>  | <b>100 464</b>  | <b>96 978</b> |
| <b>% increase/ (decrease)</b>                      | <b>(3.4)</b>  | <b>4.27</b>     | <b>4.34</b>     | <b>0.72</b>   |

**Table 223: Personnel Expenditure**

*\*Note: figures in the previous years were amended and will therefore not match the figures in the previous year annual report.*

### 4.5 MFMA COMPETENCIES

In terms of Section 83 (1) of the MFMA, the accounting officer, senior managers, the chief financial officer, non-financial managers and other financial officials of a municipality must meet the prescribed financial management competency levels that are key to the successful implementation of the Municipal Finance Management Act. National Treasury has prescribed such financial management competencies in Government Notice 493 dated 15 June 2007.

To assist the above-mentioned officials to acquire the prescribed financial competencies, National Treasury, with the collaboration of various stakeholders and role players in the local government sphere, developed an outcomes-based NQF Level 6 qualification in municipal finance management. In terms of the Government Notice 493 of 15 June 2007, "(1) No municipality or municipal entity may, with effect 1 January 2013, employ a person as a financial official if that person does not meet the competency levels prescribed for the relevant position in terms of these Regulations."



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18 Employees were identified to obtain the abovementioned qualification and prescribed competencies. A number of employees have achieved the prescribed competencies and the other has been subscribed to complete in 2013.

The table below provides details of the financial competency development progress as required by the regulation:

| Financial Competency Development: Progress Report |  |  |  |  |
|---|--|--|--|--|
| Description                                       | Total number of officials employed by municipality (Regulation 14(4)(a) and (c)) | Competency assessments completed (Regulation 14(4)(b) and (d)) | Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f)) | Total number of officials that meet prescribed competency levels (Regulation 14(4)(e)) |
| Financial Officials                               |  |  |  |  |
| Accounting Officer                                | 1  | 0  | 1  | 0  |
| Chief Financial Officer                           | 1  | 1  | 1  | 1  |
| Senior Managers                                   | 3  | 3  | 3  | 3  |
| Any other financial officials                     | 14   | 0  | 0  | 0  |
| Supply Chain Management Officials                 |  |  |  |  |
| Heads of supply chain management units            | 1  | 1  | 0  | 1  |
| <b>TOTAL</b>                                      | <b>20</b>  | <b>1</b>   | <b>3</b>   | <b>1</b>   |

Table 224: Financial Competency Development: Progress Report



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# *Chapter 5*



*Financial Performance*

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## CHAPTER 5: FINANCIAL PERFORMANCE

### COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

The Statement of financial performance provides an overview of the financial performance of the municipality and focuses on the financial health of the municipality.

#### 5.1 FINANCIAL SUMMARY

The table below indicates the summary of the financial performance for the 2012/13 financial year:

| Description   | 2011/12                        | 2012/13            |                    |         | 2012/13 Variance   |                       |
|---|--------------------------------|--------------------|--------------------|---------|--------------------|-----------------------|
|   | Actual<br>(Audited<br>Outcome) | Original<br>Budget | Adjusted<br>Budget | Actual  | Original<br>Budget | Adjustments<br>Budget |
|   | R'000                          |                    |                    |         | %                  |                       |
|   |                                |                    |                    |         |                    |                       |
| Financial Performance   |                                |                    |                    |         |                    |                       |
| Property rates  | 37 625                         | 43 882             | 44 378             | 44 230  | 0.79               | -0.33                 |
| Service charges   | 180 074                        | 208 307            | 214 939            | 207 843 | -0.22              | -3.41                 |
| Investment revenue  | 2 089                          | 1 957              | 1 957              | 2 053   | 4.68               | 4.68                  |
| Transfers recognised - operational                            | 53 994                         | 76 178             | 80 710             | 72 347  | -5.30              | -11.56                |
| Other own revenue   | 20 520                         | 21 288             | 21 325             | 21 877  | 2.69               | 2.52                  |
| Total Revenue (excluding capital transfers and contributions) | 294 302                        | 351 612            | 363 310            | 348 351 | -0.94              | -4.29                 |
| Employee costs  | 89 255                         | 100 399            | 100 464            | 96 930  | -3.58              | -3.65                 |
| Remuneration of councillors                                   | 6 639                          | 7 091              | 7 091              | 6 932   | -2.29              | -2.29                 |
| Depreciation & asset impairment                               | 12 403                         | 18 623             | 18 623             | 13 996  | -33.06             | -33.06                |
| Finance charges   | 12 245                         | 15 663             | 14 617             | 11 319  | -38.38             | -29.14                |
| Materials and bulk purchases                                  | 102 548                        | 118 259            | 122 259            | 118 181 | -0.07              | -3.45                 |
| Transfers and grants  | 794                            | 761                | 742                | 767     | 0.85               | 3.33                  |
| Other expenditure   | 77 146                         | 86 051             | 97 610             | 82 425  | -4.40              | -18.42                |
| Total Expenditure   | 301 030                        | 346 848            | 361 407            | 330 551 | -4.93              | -9.33                 |
| Surplus/(Deficit)   | -6 728                         | 4 764              | 1 903              | 17 801  | 73.24              | 89.31                 |
| Transfers recognised - capital                                | 58 971                         | 62 001             | 74 823             | 73 085  | 15.17              | -2.38                 |
| Contributions recognised - capital & contributed assets       | 0                              | 0                  | 0                  | 0       | 0                  | 0                     |
| Surplus/(Deficit) after capital transfers & contributions     | 52 243                         | 66 765             | 76 726             | 90 886  | 26.54              | 15.58                 |
| Capital expenditure & funds sources                           |                                |                    |                    |         |                    |                       |
| Capital expenditure   |                                |                    |                    |         |                    |                       |
| Transfers recognised - capital                                | 58 971                         | 62 001             | 74 823             | 73 085  | 0.15               | -0.02                 |
| Borrowing   | 0                              | 0                  | 0                  | 0       | 0                  | 0                     |
| Internally generated funds                                    | 9 171                          | 12 941             | 15 490             | 14 232  | 0.09               | -0.09                 |



## CHAPTER 5: FINANCIAL PERFORMANCE

| Description                                   | 2011/12                        | 2012/13            |                    |                 | 2012/13 Variance   |                       |
|---|--------------------------------|--------------------|--------------------|-----------------|--------------------|-----------------------|
|   | Actual<br>(Audited<br>Outcome) | Original<br>Budget | Adjusted<br>Budget | Actual          | Original<br>Budget | Adjustments<br>Budget |
|   | R'000                          |                    |                    |                 | %                  |                       |
| <b>Total sources of capital funds</b>         | <b>68 142</b>                  | <b>74 943</b>      | <b>90 313</b>      | <b>87 244</b>   | 0.14               | -0.04                 |
| <b>Financial position</b>                     |                                |                    |                    |                 |                    |                       |
| Total current assets                          | 82 467                         | 64 337             | 104 882            | 92 096          | 0.30               | -0.14                 |
| Total non-current assets                      | 532 877                        | 270 635            | 606 649            | 610 195         | 0.56               | 0.01                  |
| Total current liabilities                     | 81 056                         | 57 268             | 192 097            | 81 299          | 0.30               | -1.36                 |
| Total non-current liabilities                 | 110 800                        | 112 372            | 494 646            | 106 264         | -0.06              | -3.65                 |
| Community wealth/Equity                       | 423 488                        | 165 331            | 24 788             | 514 728         | 0.68               | 0.95                  |
| <b>Cash flows</b>                             |                                |                    |                    |                 |                    |                       |
| Net cash from (used) operating                | 85 399                         | 270 635            | 606 649            | 93 335          | -1.90              | -5.50                 |
| Net cash from (used) investing                | -67 282                        | 57 268             | 192 097            | (87 948)        | 1.65               | 3.18                  |
| Net cash from (used) financing                | -7 429                         | 112 372            | 125 601            | (7 096)         | 16.84              | 18.70                 |
| <b>Cash/cash equivalents at the year end</b>  | <b>32 562</b>                  | <b>165 331</b>     | <b>494 646</b>     | <b>30 853</b>   | <b>-4.36</b>       | <b>-15.03</b>         |
| <b>Cash backing/surplus reconciliation</b>    |                                |                    |                    |                 |                    |                       |
| Cash and investments available                | 32 562                         | 165 331            | 494 646            | 30 853          | -4.36              | -15.03                |
| Application of cash and investments           | 47 828                         | 96 418             | 167 399            | 45 797          | -1.11              | -2.66                 |
| <b>Balance - surplus (shortfall)</b>          | <b>-15 266</b>                 | <b>68 913</b>      | <b>327 247</b>     | <b>(14 944)</b> | <b>5.61</b>        | <b>22.90</b>          |
| <b>Asset management</b>                       |                                |                    |                    |                 |                    |                       |
| Asset register summary (WDV)                  | 461 366                        | 269 883            | 604 565            | 554 872         | 0.51               | -0.09                 |
| Depreciation & asset impairment               | 12 403                         | 18 623             | 18 623             | 13 996          | -0.33              | -0.33                 |
| Renewal of Existing Assets                    | 18 792                         | 20 240             | 23 491             | 21 611          | 0.06               | -0.09                 |
| Repairs and Maintenance                       | 14 163                         | 16 190             | 14 016             | 13 525          | -0.20              | -0.04                 |
| <b>Free services</b>                          |                                |                    |                    |                 |                    |                       |
| Cost of Free Basic Services provided          | 12 913                         | 14 852             | 11 813             | 11 279          | -0.32              | -0.05                 |
| Revenue cost of free services provided        | 16 613                         | 18 565             | 14 766             | 14 099          | -0.32              | -0.05                 |
| <b>Households below minimum service level</b> |                                |                    |                    |                 |                    |                       |
| Water:  | 0                              | 0                  | 0                  | 0               | 0                  | 0                     |
| Sanitation/sewerage:                          | 0                              | 0                  | 0                  | 0               | 0                  | 0                     |
| Energy:                                       | 0                              | 0                  | 0                  | 0               | 0                  | 0                     |
| Refuse:                                       | 0                              | 0                  | 0                  | 0               | 0                  | 0                     |

**Table 225: Financial Performance 2011/12**



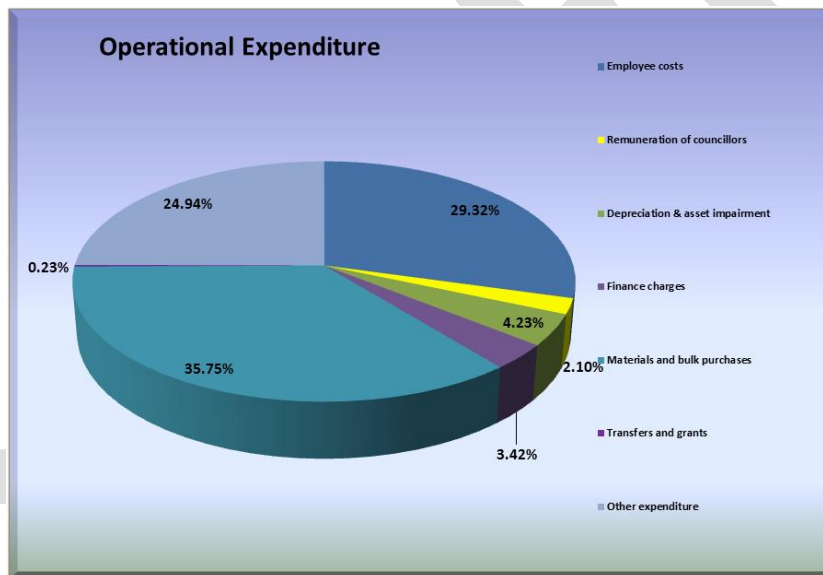
## CHAPTER 5: FINANCIAL PERFORMANCE

The table below shows a summary of performance against budgets

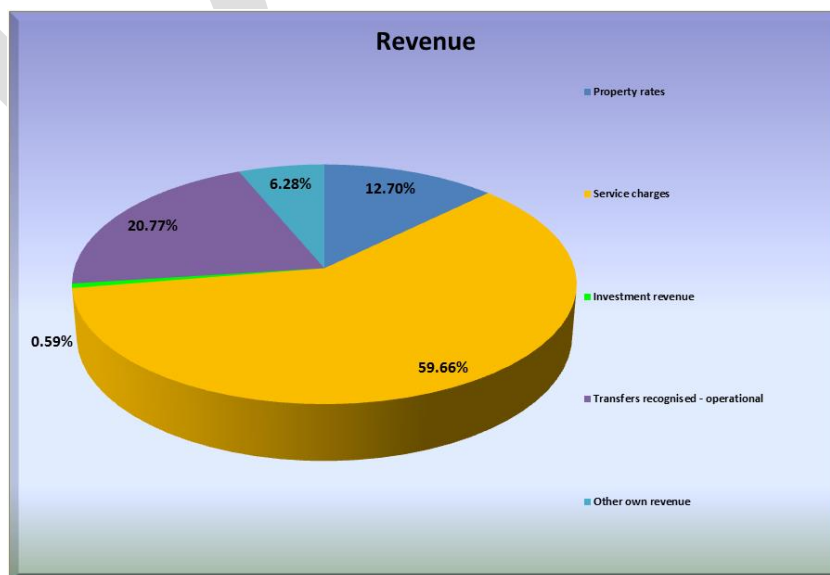
| Financial Year | Revenue |         |         |     | Operating expenditure |         |         |     |
|----------------|---------|---------|---------|-----|-----------------------|---------|---------|-----|
|                | Budget  | Actual  | Diff.   | %   | Budget                | Actual  | Diff.   | %   |
|                | (R'000) |         |         |     | (R'000)               |         |         |     |
| 2011/12        | 294 994 | 294 302 | 692     | 100 | 290 278               | 301 030 | -10 752 | 104 |
| 2012/13        | 351 612 | 348 351 | (3 261) | 99  | 346 848               | 330 551 | 16 298  | 95  |

**Table 226: Performance against budgets**

The municipality received **R348 351 006** revenue (excluding capital transfers and contributions) for the 2012/13 year of which **R330 550 506** was utilized for operating expenditure. The expenditure is below budget due to savings on salaries and bulk purchases.



**Graph 23: High level overview of operating expenditure for 2012/13**



## CHAPTER 5: FINANCIAL PERFORMANCE

Graph 24: High level overview of revenue for 2012/13

### 5.1.1 REVENUE COLLECTION BY VOTE

The table below indicates the Revenue collection performance by vote

| Vote Description                      | 2011/12        | 2012/13         |                 |                | 2012/13 Variance |                    |
|---------------------------------------|----------------|-----------------|-----------------|----------------|------------------|--------------------|
|                                       | Actual         | Original Budget | Adjusted Budget | Actual         | Original Budget  | Adjustments Budget |
|                                       | R'000          |                 |                 |                | %                |                    |
| Vote1 - Executive and Council         | 1 369          | 2 831           | 2 831           | 2 861          | 1.06             | 1.06               |
| Vote2 - Budget and Treasury Office    | 49 941         | 55 778          | 58 249          | 58 248         | 4.24             | 0.00               |
| Vote3 - Corporate Services            | 1 054          | 3 930           | 2 090           | 1 931          | -103.52          | -8.25              |
| Vote4 - Planning and Development      | 1 071          | 3 100           | 1 722           | 2 313          | -34.00           | 25.56              |
| Vote5 - Public Safety                 | 884            | 2 160           | 2 160           | 755            | -186.04          | -186.04            |
| Vote6 - Health                        | 0              | 0               | 0               | 0              | 0                | 0                  |
| Vote7 - Community and Social Services | 43 828         | 50 407          | 49 477          | 49 555         | -1.72            | 0.16               |
| Vote8 - Sports and Recreation         | 9 932          | 15 445          | 14 254          | 25 271         | 38.88            | 43.60              |
| Vote9 - Housing                       | 1 522          | 15 344          | 16 826          | 12 110         | -26.71           | -38.94             |
| Vote10 - Waste Management             | 15 505         | 14 922          | 16 175          | 17 408         | 14.28            | 7.08               |
| Vote11 - Road Transport               | 21 815         | 16 223          | 24 367          | 10 636         | -52.53           | -129.11            |
| Vote12 - Waste Water Management       | 28 437         | 25 164          | 35 152          | 37 546         | 32.98            | 6.38               |
| Vote13 - Water                        | 47 851         | 54 203          | 56 302          | 54 542         | 0.62             | -3.23              |
| Vote14 - Electricity                  | 130 066        | 154 108         | 158 314         | 148 004        | -4.12            | -6.97              |
| Vote15 - Environmental Management     | 0              | 0               | 216             | 255            | 100.00           | 15.31              |
| <b>Total Revenue by Vote</b>          | <b>353 275</b> | <b>413 614</b>  | <b>438 133</b>  | <b>421 436</b> | <b>1.86</b>      | <b>-3.96</b>       |

Table 227: Revenue by Vote

### 5.1.2 REVENUE COLLECTION BY SOURCE

The table below indicates the Revenue collection performance by source for the 2012/13 financial year:

| Description                                     | 2011/12 | 2012/13         |                    |         | 2012/13 Variance |                    |
|---|---------|-----------------|--------------------|---------|------------------|--------------------|
|   | Actual  | Original Budget | Adjustments Budget | Actual  | Original Budget  | Adjustments Budget |
|   | R'000   |                 |                    |         | %                |                    |
| Property rates                                  | 37 625  | 43 882          | 44 378             | 44 230  | 0.79             | -0.33              |
| Property rates - penalties & collection charges | 1 042   | 729             | 729                | 1 047   | 30.40            | 30.40              |
| Service Charges - electricity revenue           | 128 156 | 152 783         | 156 989            | 146 639 | -4.19            | -7.06              |



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| Description  | 2011/12        | 2012/13         |                     |                | 2012/13 Variance |                     |
|--|----------------|-----------------|---------------------|----------------|------------------|---------------------|
|  | Actual         | Original Budget | Adjust-ments Budget | Actual         | Original Budget  | Adjust-ments Budget |
|  | R'000          |                 |                     |                | %                |                     |
| Service Charges - water revenue                                      | 25 771         | 29 146          | 29 283              | 27 856         | -4.63            | -5.12               |
| Service Charges - sanitation revenue                                 | 11 992         | 12 100          | 13 138              | 16 011         | 24.43            | 17.95               |
| Service Charges - refuse revenue                                     | 14 156         | 14 277          | 15 530              | 17 337         | 17.65            | 10.42               |
| Service Charges - other  | 0              | 0               | 0                   | 0              | 0                | 0                   |
| Rentals of facilities and equipment                                  | 6 944          | 7 749           | 7 749               | 6 555          | -18.23           | -18.23              |
| Interest earned - external investments                               | 2 089          | 1 957           | 1 957               | 2 053          | 4.68             | 4.68                |
| Interest earned - outstanding debtors                                | 3 799          | 4 139           | 4 139               | 4 748          | 12.83            | 12.83               |
| Dividends received   | 0              | 0               | 0                   | 0              | 0                | 0                   |
| Fines  | 897            | 2 169           | 2 169               | 760            | -185.18          | -185.18             |
| Licences and permits   | 168            | 244             | 244                 | 125            | -94.59           | -94.59              |
| Agency services  | 2 853          | 2 864           | 2 864               | 3 051          | 6.14             | 6.14                |
| Transfers recognised - operational                                   | 53 994         | 76 178          | 80 710              | 72 347         | -5.30            | -11.56              |
| Other revenue  | 4 339          | 65 395          | 78 254              | 78 674         | 16.88            | 0.53                |
| Gains on disposal of PPE   | 477            | 0               | 0                   | 0              | 0                | 0                   |
| <b>Total Revenue (excluding capital transfers and contributions)</b> | <b>294 302</b> | <b>413 614</b>  | <b>438 133</b>      | <b>421 436</b> | <b>1.86</b>      | <b>-3.96</b>        |

Table 228: Revenue by Source

### 5.1.3 OPERATIONAL SERVICES PERFORMANCE

The table below indicates the Operational services performance for the 2012/13 financial year:

| Description                        | 2011/12 | 2012/13         |                     |         | 2012/13 Variance |                     |
|------------------------------------|---------|-----------------|---------------------|---------|------------------|---------------------|
|                                    | Actual  | Original Budget | Adjust-ments Budget | Actual  | Original Budget  | Adjust-ments Budget |
|                                    | R'000   |                 |                     |         | %                |                     |
| <u>Operating Cost</u>              |         |                 |                     |         |                  |                     |
| Water                              | 17 505  | 19 366          | 20 004              | 16 717  | -15.85           | -19.66              |
| Waste Water (Sanitation)           | 17 680  | 13 723          | 14 379              | 17 086  | 19.68            | 15.84               |
| Electricity                        | 120 713 | 136 602         | 141 662             | 136 953 | 0.26             | -3.44               |
| Waste Management                   | 22 482  | 20 298          | 21 144              | 22 068  | 8.02             | 4.19                |
| Housing                            | 3 673   | 13 727          | 19 452              | 14 312  | 4.09             | -35.91              |
| Component A: sub-total             | 182 053 | 203 716         | 216 640             | 207 136 | 1.65             | -4.59               |
| Waste Water (Storm Water Drainage) | 3 070   | 3 999           | 3 987               | 3 320   | -20.45           | -20.08              |
| Roads                              | 9 328   | 12 295          | 14 446              | 8 764   | -40.28           | -64.83              |





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| Description  | 2011/12        | 2012/13         |                     |                | 2012/13 Variance |                     |
|--|----------------|-----------------|---------------------|----------------|------------------|---------------------|
|  | Actual         | Original Budget | Adjust-ments Budget | Actual         | Original Budget  | Adjust-ments Budget |
|  | R'000          |                 |                     |                | %                |                     |
| Transport  | 0              | 0               | 0                   | 0              | 0                | 0                   |
| <b>Component B: sub-total</b>  | <b>12 398</b>  | <b>16 294</b>   | <b>18 433</b>       | <b>12 084</b>  | <b>-34.84</b>    | <b>-52.53</b>       |
| Planning   | 0              | 0               | 0                   | 0              | 0                | 0                   |
| Local Economic Development   | 0              | 0               | 0                   | 0              | 0                | 0                   |
| <b>Component B: sub-total</b>  | <b>0</b>       | <b>0</b>        | <b>0</b>            | <b>0</b>       | <b>0</b>         | <b>0</b>            |
| Planning (Strategic & Regulatory)  | 842            | 1 155           | 1 296               | 957            | -20.66           | -35.33              |
| Local Economic Development   | 2 081          | 3 152           | 3 138               | 2 581          | -22.12           | -21.59              |
| <b>Component C: sub-total</b>  | <b>3</b>       | <b>4 307</b>    | <b>4 434</b>        | <b>3 539</b>   | <b>-21.72</b>    | <b>-25.30</b>       |
| Community & Social Services  | 8 735          | 10 142          | 9 962               | 10 892         | 6.88             | 8.53                |
| Environmental Protection   | 738            | 758             | 1 045               | 967            | 21.56            | -8.09               |
| Health   | 0              | 0               | 0                   | 0              | 0                | 0                   |
| Security and Safety  | 4 970          | 6 808           | 6 707               | 6 002          | -13.43           | -11.75              |
| Sport and Recreation   | 13 225         | 15 637          | 16 082              | 14 246         | -9.77            | -12.89              |
| Corporate Policy Offices and Other   | 75 988         | 89 185          | 88 103              | 75 686         | -17.84           | -16.41              |
| <b>Component D: sub-total</b>  | <b>103 656</b> | <b>122 531</b>  | <b>121 900</b>      | <b>107 792</b> | <b>-13.67</b>    | <b>-13.09</b>       |
| <b>Total Expenditure for the year</b>  | <b>301 030</b> | <b>346 848</b>  | <b>361 407</b>      | <b>330 551</b> | <b>-4.93</b>     | <b>-9.33</b>        |
| <i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</i> |                |                 |                     |                |                  |                     |

**Table 229: Operational Services Performance**

The bulk of the municipality's expenditure is spend on basic service delivery functions such as electricity, water, waste water management and waste management.

### 5.2 FINANCIAL PERFORMANCE PER MUNICIPAL FUNCTION

The tables below show the financial performance according to municipal functions:

#### 5.2.1 EXECUTIVE AND COUNCIL

| Description                      | 2011/12      | 2012/13         |                   |              |                    |
|----------------------------------|--------------|-----------------|-------------------|--------------|--------------------|
|                                  | Actual       | Original Budget | Adjustment Budget | Actual       | Variance to Budget |
|                                  | R'000        |                 |                   |              | %                  |
| <b>Total Operational Revenue</b> | <b>1 369</b> | <b>2 831</b>    | <b>2 831</b>      | <b>2 861</b> | <b>1.06</b>        |
| <b>Expenditure:</b>              |              |                 |                   |              |                    |
| Employees                        | (6 704)      | (7 802)         | (7 380)           | (6 765)      | -15.33             |



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| Description                                  | 2011/12         | 2012/13         |                   |                 |                    |
|--|-----------------|-----------------|-------------------|-----------------|--------------------|
|  | Actual          | Original Budget | Adjustment Budget | Actual          | Variance to Budget |
|  | R'000           |                 |                   |                 | %                  |
| Repairs and Maintenance                      | (25)            | (73)            | (67)              | (4)             | -1743.53           |
| Other  | (9 676)         | (10 061)        | (10 901)          | (9 913)         | -1.50              |
| <b>Total Operational Expenditure</b>         | <b>(16 405)</b> | <b>(17 936)</b> | <b>(18 348)</b>   | <b>(16 682)</b> | <b>-7.52</b>       |
| <b>Net Operational (Service) Expenditure</b> | <b>(15 036)</b> | <b>(15 105)</b> | <b>(15 517)</b>   | <b>(13 820)</b> | <b>-9.30</b>       |

Table 230: Financial Performance: Executive and Council

### 5.2.2 BUDGET AND TREASURY OFFICE

| Description                                  | 2011/12         | 2012/13         |                   |                 |                    |
|--|-----------------|-----------------|-------------------|-----------------|--------------------|
|  | Actual          | Original Budget | Adjustment Budget | Actual          | Variance to Budget |
|  | R'000           |                 |                   |                 | %                  |
| <b>Total Operational Revenue</b>             | <b>49 941</b>   | <b>55 778</b>   | <b>58 249</b>     | <b>58 248</b>   | <b>4.24</b>        |
| <b>Expenditure:</b>                          |                 |                 |                   |                 |                    |
| Employees                                    | (9 850)         | (11 903)        | (12 053)          | (11 535)        | -3.19              |
| Repairs and Maintenance                      | (53)            | (41)            | (61)              | (35)            | -18.89             |
| Other  | (15 312)        | (19 109)        | (18 984)          | (18 460)        | -3.51              |
| <b>Total Operational Expenditure</b>         | <b>(25 215)</b> | <b>(31 053)</b> | <b>(31 098)</b>   | <b>(30 031)</b> | <b>-3.41</b>       |
| <b>Net Operational (Service) Expenditure</b> | <b>24 726</b>   | <b>24 724</b>   | <b>27 151</b>     | <b>28 217</b>   | <b>12.38</b>       |

Table 231: Financial Performance: Budget and Treasury Office

### 5.2.3 CORPORATE SERVICES

| Description                                  | 2011/12         | 2012/13         |                   |                 |                    |
|--|-----------------|-----------------|-------------------|-----------------|--------------------|
|  | Actual          | Original Budget | Adjustment Budget | Actual          | Variance to Budget |
|  | R'000           |                 |                   |                 | %                  |
| <b>Total Operational Revenue</b>             | <b>1 054</b>    | <b>3 930</b>    | <b>2 090</b>      | <b>1 931</b>    | <b>-103.52</b>     |
| <b>Expenditure:</b>                          |                 |                 |                   |                 |                    |
| Employees                                    | (12 906)        | (13 021)        | (13 490)          | (12 271)        | -6.12              |
| Repairs and Maintenance                      | (461)           | (1 015)         | (1 185)           | (844)           | -20.16             |
| Other  | (11 283)        | (13 161)        | (12 314)          | (6 106)         | -115.56            |
| <b>Total Operational Expenditure</b>         | <b>(24 650)</b> | <b>(27 197)</b> | <b>(26 989)</b>   | <b>(19 221)</b> | <b>-41.50</b>      |
| <b>Net Operational (Service) Expenditure</b> | <b>(23 596)</b> | <b>(23 267)</b> | <b>(24 899)</b>   | <b>(17 290)</b> | <b>-34.57</b>      |

Table 232: Financial Performance: Corporate Services



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### 5.2.4 COMMUNITY AND SOCIAL SERVICES

| Description                                  | 2011/12       | 2012/13         |                   |               |                    |
|--|---------------|-----------------|-------------------|---------------|--------------------|
|  | Actual        | Original Budget | Adjustment Budget | Actual        | Variance to Budget |
|  | R'000         |                 |                   |               | %                  |
| <b>Total Operational Revenue</b>             | 43 828        | 50 407          | 49 477            | 49 555        | -1.72              |
| <b>Expenditure:</b>                          |               |                 |                   |               |                    |
| Employees                                    | (8 881)       | (10 741)        | (10 561)          | (10 380)      | -3.48              |
| Repairs and Maintenance                      | (96)          | (123)           | (133)             | (55)          | -122.77            |
| Other  | (2 651)       | (4 392)         | (3 322)           | (3 132)       | -40.25             |
| <b>Total Operational Expenditure</b>         | (11 628)      | (15 256)        | (14 016)          | (13 567)      | -12.45             |
| <b>Net Operational (Service) Expenditure</b> | <b>32 200</b> | <b>35 151</b>   | <b>35 460</b>     | <b>35 989</b> | <b>2.33</b>        |

Table 233: Financial Performance: Community and Social Services

### 5.2.5 SPORT AND RECREATION

| Description                                  | 2011/12        | 2012/13         |                   |              |                    |
|--|----------------|-----------------|-------------------|--------------|--------------------|
|  | Actual         | Original Budget | Adjustment Budget | Actual       | Variance to Budget |
|  | R'000          |                 |                   |              | %                  |
| <b>Total Operational Revenue</b>             | 9 932          | 15 445          | 14 254            | 25 271       | 38.88              |
| <b>Expenditure:</b>                          |                |                 |                   |              |                    |
| Employees                                    | (9 724)        | (11 433)        | (11 373)          | (9 971)      | -14.67             |
| Repairs and Maintenance                      | (993)          | (1 117)         | (1 169)           | (1 306)      | 14.42              |
| Other  | (4 480)        | (5 661)         | (5 903)           | (4 947)      | -14.43             |
| <b>Total Operational Expenditure</b>         | (15 197)       | (18 212)        | (18 446)          | (16 224)     | -12.25             |
| <b>Net Operational (Service) Expenditure</b> | <b>(5 265)</b> | <b>(2 767)</b>  | <b>(4 192)</b>    | <b>9 048</b> | <b>130.58</b>      |

Table 234: Financial Performance: Sport and Recreation

### 5.2.6 PUBLIC SAFETY

| Description                      | 2011/12 | 2012/13         |                   |         |                    |
|----------------------------------|---------|-----------------|-------------------|---------|--------------------|
|                                  | Actual  | Original Budget | Adjustment Budget | Actual  | Variance to Budget |
|                                  | R'000   |                 |                   |         | %                  |
| <b>Total Operational Revenue</b> | 884     | 2 160           | 2 160             | 755     | -186.04            |
| <b>Expenditure:</b>              |         |                 |                   |         |                    |
| Employees                        | (3 184) | (4 202)         | (4 250)           | (4 054) | -3.66              |
| Repairs and Maintenance          | (97)    | (215)           | (155)             | (106)   | -102.38            |



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| Description                                  | 2011/12        | 2012/13         |                   |                |                    |
|--|----------------|-----------------|-------------------|----------------|--------------------|
|  | Actual         | Original Budget | Adjustment Budget | Actual         | Variance to Budget |
|  | R'000          |                 |                   |                | %                  |
| Other  | (1 690)        | (2 391)         | (2 302)           | (1 842)        | -29.80             |
| <b>Total Operational Expenditure</b>         | <b>(4 971)</b> | <b>(6 808)</b>  | <b>(6 707)</b>    | <b>(6 002)</b> | <b>-13.43</b>      |
| <b>Net Operational (Service) Expenditure</b> | <b>(4 087)</b> | <b>(4 648)</b>  | <b>(4 547)</b>    | <b>(5 247)</b> | <b>11.41</b>       |

Table 235: Financial Performance: Public Safety

### 5.2.7 HOUSING

| Description                                  | 2011/12        | 2012/13         |                   |                 |                    |
|--|----------------|-----------------|-------------------|-----------------|--------------------|
|  | Actual         | Original Budget | Adjustment Budget | Actual          | Variance to Budget |
|  | R'000          |                 |                   |                 | %                  |
| <b>Total Operational Revenue</b>             | <b>1 522</b>   | <b>15 344</b>   | <b>16 826</b>     | <b>12 110</b>   | <b>-26.71</b>      |
| <b>Expenditure:</b>                          |                |                 |                   |                 |                    |
| Employees                                    | (2 073)        | (2 030)         | (2 030)           | (2 195)         | 7.54               |
| Repairs and Maintenance                      | (170)          | (194)           | (198)             | (144)           | -35.27             |
| Other  | (1 430)        | (11 503)        | (17 225)          | (11 973)        | 3.93               |
| <b>Total Operational Expenditure</b>         | <b>(3 673)</b> | <b>(13 727)</b> | <b>(19 452)</b>   | <b>(14 312)</b> | <b>4.09</b>        |
| <b>Net Operational (Service) Expenditure</b> | <b>(2 151)</b> | <b>1 618</b>    | <b>(2 626)</b>    | <b>(2 202)</b>  | <b>173.47</b>      |

Table 236: Financial Performance: Housing

### 5.2.9 PLANNING AND DEVELOPMENT

| Description                                  | 2011/12        | 2012/13         |                   |                |                    |
|--|----------------|-----------------|-------------------|----------------|--------------------|
|  | Actual         | Original Budget | Adjustment Budget | Actual         | Variance to Budget |
|  | R'000          |                 |                   |                | %                  |
| <b>Total Operational Revenue</b>             | <b>1 071</b>   | <b>3 100</b>    | <b>1 722</b>      | <b>2 313</b>   | <b>-34.00</b>      |
| <b>Expenditure:</b>                          |                |                 |                   |                |                    |
| Employees                                    | (4 067)        | (4 627)         | (4 677)           | (4 797)        | 3.55               |
| Repairs and Maintenance                      | (8)            | (21)            | (27)              | (20)           | -3.61              |
| Other  | (1 833)        | (2 721)         | (2 791)           | (1 757)        | -54.85             |
| <b>Total Operational Expenditure</b>         | <b>(5 908)</b> | <b>(7 368)</b>  | <b>(7 495)</b>    | <b>(6 574)</b> | <b>-12.08</b>      |
| <b>Net Operational (Service) Expenditure</b> | <b>(4 837)</b> | <b>(4 268)</b>  | <b>(5 773)</b>    | <b>(4 260)</b> | <b>-0.18</b>       |

Table 237: Financial Performance: Planning and Development



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### 5.2.10 ROAD TRANSPORT

| Description                                  | 2011/12       | 2012/13         |                   |              |                    |
|--|---------------|-----------------|-------------------|--------------|--------------------|
|  | Actual        | Original Budget | Adjustment Budget | Actual       | Variance to Budget |
|  | R'000         |                 |                   |              | %                  |
| <b>Total Operational Revenue</b>             | 21 815        | 16 223          | 24 367            | 10 636       | -52.53             |
| <b>Expenditure:</b>                          |               |                 |                   |              |                    |
| Employees                                    | (4 541)       | (5 190)         | (5 234)           | (5 285)      | 1.78               |
| Repairs and Maintenance                      | (4 407)       | (3 170)         | (3 114)           | (2 948)      | -7.53              |
| Other  | (2 273)       | (6 185)         | (8 288)           | (2 597)      | -138.15            |
| <b>Total Operational Expenditure</b>         | (11 221)      | (14 545)        | (16 636)          | (10 829)     | -34.31             |
| <b>Net Operational (Service) Expenditure</b> | <b>10 594</b> | <b>1 678</b>    | <b>7 731</b>      | <b>(194)</b> | <b>966.68</b>      |

Table 238: Financial Performance: Road Transport

### 5.2.11 ENVIRONMENTAL PROTECTION

| Description                                  | 2011/12      | 2012/13         |                   |              |                    |
|--|--------------|-----------------|-------------------|--------------|--------------------|
|  | Actual       | Original Budget | Adjustment Budget | Actual       | Variance to Budget |
|  | R'000        |                 |                   |              | %                  |
| <b>Total Operational Revenue</b>             | 0            | 0               | 216               | 255          | 100.00             |
| <b>Expenditure:</b>                          |              |                 |                   |              |                    |
| Employees                                    | (553)        | (632)           | (632)             | (578)        | -9.40              |
| Repairs and Maintenance                      | 0            | 0               | 0                 | 0            | 0                  |
| Other  | (159)        | (126)           | (413)             | (389)        | 67.60              |
| <b>Total Operational Expenditure</b>         | (712)        | (758)           | (1 045)           | (967)        | 21.56              |
| <b>Net Operational (Service) Expenditure</b> | <b>(712)</b> | <b>(758)</b>    | <b>(829)</b>      | <b>(712)</b> | <b>-6.59</b>       |

Table 239: Financial Performance: Environmental Protection

### 5.2.12 ELECTRICITY

| Description                      | 2011/12 | 2012/13         |                   |         |                    |
|----------------------------------|---------|-----------------|-------------------|---------|--------------------|
|                                  | Actual  | Original Budget | Adjustment Budget | Actual  | Variance to Budget |
|                                  | R'000   |                 |                   |         | %                  |
| <b>Total Operational Revenue</b> | 130 066 | 154 108         | 158 314           | 148 004 | -4.12              |
| <b>Expenditure:</b>              |         |                 |                   |         |                    |
| Employees                        | (7 152) | (7 962)         | (7 963)           | (7 819) | -1.83              |



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| Description                                  | 2011/12          | 2012/13          |                   |                  |                    |
|--|------------------|------------------|-------------------|------------------|--------------------|
|  | Actual           | Original Budget  | Adjustment Budget | Actual           | Variance to Budget |
|  | R'000            |                  |                   |                  | %                  |
| Repairs and Maintenance                      | (3 979)          | (4 528)          | (5 096)           | (4 419)          | -2.49              |
| Other  | (109 582)        | (124 112)        | (128 602)         | (124 716)        | 0.48               |
| <b>Total Operational Expenditure</b>         | <b>(120 713)</b> | <b>(136 602)</b> | <b>(141 662)</b>  | <b>(136 953)</b> | <b>0.26</b>        |
| <b>Net Operational (Service) Expenditure</b> | <b>9 353</b>     | <b>17 506</b>    | <b>16 652</b>     | <b>11 051</b>    | <b>-58.41</b>      |

Table 240: Financial Performance: Electricity

### 5.2.13 WATER

| Description                                  | 2011/12         | 2012/13         |                   |                 |                    |
|--|-----------------|-----------------|-------------------|-----------------|--------------------|
|  | Actual          | Original Budget | Adjustment Budget | Actual          | Variance to Budget |
|  | R'000           |                 |                   |                 | %                  |
| <b>Total Operational Revenue</b>             | <b>47 851</b>   | <b>54 203</b>   | <b>56 302</b>     | <b>54 542</b>   | <b>0.62</b>        |
| <b>Expenditure:</b>                          |                 |                 |                   |                 |                    |
| Employees                                    | (3 918)         | (4 012)         | (4 012)           | (4 189)         | 4.24               |
| Repairs and Maintenance                      | (1 096)         | (1 054)         | (1 152)           | (1 132)         | 6.84               |
| Other  | (12 491)        | (14 300)        | (14 840)          | (11 396)        | -25.49             |
| <b>Total Operational Expenditure</b>         | <b>(17 505)</b> | <b>(19 366)</b> | <b>(20 004)</b>   | <b>(16 717)</b> | <b>-15.85</b>      |
| <b>Net Operational (Service) Expenditure</b> | <b>30 346</b>   | <b>34 837</b>   | <b>36 298</b>     | <b>37 825</b>   | <b>7.90</b>        |

Table 241: Financial Performance: Water

### 5.2.14 WASTE WATER MANAGEMENT

| Description                                  | 2011/12         | 2012/13         |                   |                 |                    |
|--|-----------------|-----------------|-------------------|-----------------|--------------------|
|  | Actual          | Original Budget | Adjustment Budget | Actual          | Variance to Budget |
|  | R'000           |                 |                   |                 | %                  |
| <b>Total Operational Revenue</b>             | <b>28 437</b>   | <b>25 164</b>   | <b>35 152</b>     | <b>37 546</b>   | <b>32.98</b>       |
| <b>Expenditure:</b>                          |                 |                 |                   |                 |                    |
| Employees                                    | (7 124)         | (7 832)         | (7 797)           | (7 890)         | 0.74               |
| Repairs and Maintenance                      | (2 371)         | (2 095)         | (1 938)           | (2 089)         | -0.30              |
| Other  | (11 255)        | (7 795)         | (8 631)           | (10 427)        | 25.24              |
| <b>Total Operational Expenditure</b>         | <b>(20 750)</b> | <b>(17 722)</b> | <b>(18 366)</b>   | <b>(20 406)</b> | <b>13.15</b>       |
| <b>Net Operational (Service) Expenditure</b> | <b>7 687</b>    | <b>7 442</b>    | <b>16 786</b>     | <b>17 140</b>   | <b>56.58</b>       |

Table 242: Financial Performance: Waste Water Management



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### 5.2.15 WASTE MANAGEMENT

| Description                                  | 2011/12        | 2012/13         |                   |                |                    |
|--|----------------|-----------------|-------------------|----------------|--------------------|
|  | Actual         | Original Budget | Adjustment Budget | Actual         | Variance to Budget |
|  | R'000          |                 |                   |                | %                  |
| <b>Total Operational Revenue</b>             | 15 505         | 14 922          | 16 175            | 17 408         | 14.28              |
| <b>Expenditure:</b>                          |                |                 |                   |                |                    |
| Employees                                    | (8 578)        | (9 011)         | (9 011)           | (9 202)        | 2.07               |
| Repairs and Maintenance                      | (409)          | (556)           | (558)             | (424)          | -31.21             |
| Other  | (13 495)       | (10 731)        | (11 575)          | (12 442)       | 13.75              |
| <b>Total Operational Expenditure</b>         | (22 482)       | (20 298)        | (21 144)          | (22 068)       | 8.02               |
| <b>Net Operational (Service) Expenditure</b> | <b>(6 977)</b> | <b>(5 376)</b>  | <b>(4 969)</b>    | <b>(4 660)</b> | <b>-15.37</b>      |

Table 243: Financial Performance: Waste Management

### 5.3 GRANTS

#### 5.3.1 GRANT PERFORMANCE

The table below indicates the Grant performance for the 2012/13 financial year:

The Municipality had a total amount of **R74 million** for infrastructure and other capital projects available that was received in the form of grants from the National and Provincial Governments during the 2012/13 financial year. The performance in the spending of these grants including operating grants is summarised as follows:

| Description                                | 2011/12 | 2012/13 |                   |         | 2012/13 Variance |                    |
|--|---------|---------|-------------------|---------|------------------|--------------------|
|  | Actual  | Budget  | Adjustment Budget | Actual  | Original Budget  | Adjustments Budget |
|  | R'000   |         |                   |         | %                |                    |
| Operating and Capital Transfers and Grants |         |         |                   |         |                  |                    |
| National Government:                       | 91 340  | 110 792 | 116 239           | 114 649 | 3.36             | -1.39              |
| Equitable share                            | 39 305  | 46 200  | 46 200            | 46 200  | 0.00             | 0.00               |
| Municipal Systems Improvement              | 1 116   | 500     | 800               | 906     | 44.83            | 11.73              |
| Department of Water Affairs                | 26 359  | 28 980  | 30 716            | 33 565  | 13.66            | 8.49               |
| Finance Management Grant                   | 1 344   | 1 250   | 1 250             | 1 055   | -18.46           | -18.46             |
| Expanded Public Works Programm             | 0       | 1 000   | 1 000             | 1 110   | 9.88             | 9.88               |
| Municipal Infrastructure Grant             | 17 822  | 21 623  | 22 399            | 22 065  | 2.00             | -1.51              |
| Housing                                    | 0       | 0       | 0                 | 0       | 0                | 0                  |
| INEP                                       | 1 597   | 0       | 0                 | 146     | 100.00           | 100.00             |



## CHAPTER 5: FINANCIAL PERFORMANCE

| Description                                 | 2011/12        | 2012/13        |                   |                | 2012/13 Variance |                    |
|---|----------------|----------------|-------------------|----------------|------------------|--------------------|
|   | Actual         | Budget         | Adjustment Budget | Actual         | Original Budget  | Adjustments Budget |
|   | R'000          |                |                   |                | %                |                    |
| Rural Development                           | 3 176          | 11 238         | 13 874            | 8 277          | -35.77           | -67.62             |
| Neighbourhood Development Plan              | 621            | 0              | 0                 | 1 324          | 100.00           | 100.00             |
| <b>Provincial Government:</b>               | <b>19 373</b>  | <b>27 088</b>  | <b>38 095</b>     | <b>30 794</b>  | <b>12.04</b>     | <b>-23.71</b>      |
| Health subsidy                              | 0              | 0              | 0                 | 0              | 0                | 0                  |
| Housing                                     | 13 162         | 21 254         | 29 853            | 24 940         | 14.78            | -19.70             |
| Sports and Recreation                       | 0              | 109            | 109               | 109            | 0.00             | 0.00               |
| Library Services                            | 4 354          | 5 407          | 5 407             | 5 316          | -1.71            | -1.71              |
| CDW   | 143            | 216            | 216               | 118            | -82.54           | -82.54             |
| Main roads                                  | 665            | 101            | 2 191             | 101            | 0.00             | -2069.31           |
| PTIG  | 1 049          | 0              | 19                | 31             | 100.00           | 40.23              |
| Financial Management Training               | 0              | 0              | 300               | 300            | 100.00           | 0.00               |
| Multipurpose Centre                         | 0              | 0              | 0                 | (122)          | 100.00           | 100.00             |
| <b>District Municipality:</b>               | <b>2 222</b>   | <b>0</b>       | <b>0</b>          | <b>0</b>       | <b>0</b>         | <b>0</b>           |
| Water & Sanitation Informal Area            | 77             | 0              | 0                 | 0              | 0                | 0                  |
| Housing Consumer Education Training         | 11             | 0              | 0                 | 0              | 0                | 0                  |
| Upgrading of Streets & Sidewalks            | 1 758          | 0              | 0                 | 0              | 0                | 0                  |
| Solid Waste                                 | 376            | 0              | 0                 | 0              | 0                | 0                  |
| <b>Other grant providers:</b>               | <b>214</b>     | <b>0</b>       | <b>0</b>          | <b>0</b>       | <b>0</b>         | <b>0</b>           |
| Belgium                                     | 214            | 0              | 0                 | 0              | 0                | 0                  |
| <b>Total Operating Transfers and Grants</b> | <b>113 149</b> | <b>137 880</b> | <b>154 334</b>    | <b>145 443</b> | <b>5.20</b>      | <b>-6.11</b>       |

Table 244: Grant Performance for 2012/13

### 5.3.2 CONDITIONAL GRANTS: EXCLUDING MIG

The performance in the spending the conditional grants is summarised as follows:

| Details                             | Budget | Adjustment Budget | Actual | Variance |                     |
|-------------------------------------|--------|-------------------|--------|----------|---------------------|
|                                     |        |                   |        | Budget   | Adjust-ments Budget |
|                                     | R'000  |                   |        | %        |                     |
| Department of Human Settlements     | 21 254 | 29 853            | 24 940 | 14.78    | -19.70              |
| Department of Social development    | 0      | 0                 | 0      | 0        | 0                   |
| Municipal Systems Improvement Grant | 500    | 800               | 906    | 44.83    | 11.73               |
| Finance Management Support Grant    | 1 250  | 1 250             | 1 055  | -18.46   | -18.46              |





## CHAPTER 5: FINANCIAL PERFORMANCE

| Details                                   | Budget | Adjustment<br>Budget | Actual | Variance |                            |
|---|--------|----------------------|--------|----------|----------------------------|
|   |        |                      |        | Budget   | Adjust-<br>ments<br>Budget |
|   | R'000  |                      |        | %        |                            |
| Department of Transport                   | 101    | 2 191                | 101    | 0        | -2069.31                   |
| Department of Culture                     | 0      | 0                    | 0      | 0        | 0                          |
| Finance Management Grant                  | 1 250  | 1 250                | 1 055  | -18.46   | -18.46                     |
| Department of Minerals and Energy         | 0      | 0                    | 0      | 0        | 0                          |
| Department of Sport and Recreation        | 0      | 0                    | 0      | 0        | 0                          |
| Equitable share: Councillors Remuneration | 2 831  | 2 831                | 2 828  | -0.12    | -0.12                      |
| Equitable share                           | 43 369 | 43 369               | 43 372 | 0.01     | 0.01                       |
| Total                                     | 70 555 | 81 544               | 74 258 | 4.99     | -9.81                      |

**Table 245:** *Conditional Grant (excl. MIG)*

The grant from the Department of Human Settlements was utilised to provide houses for qualifying families while the basic service delivered to the poor were financed from the equitable share.

### 5.3.3 LEVEL OF RELIANCE ON GRANTS & SUBSIDIES

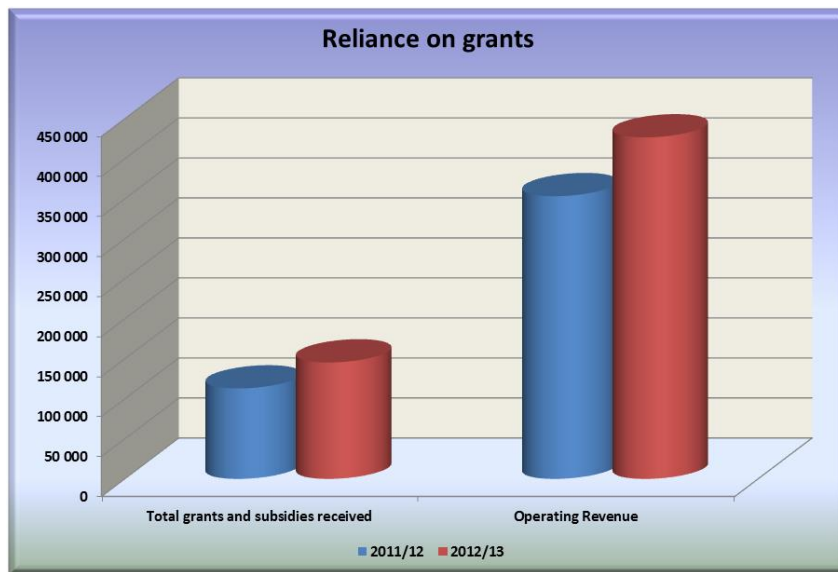
| Financial year | Total grants<br>and subsidies received | Total<br>Operating Revenue | Percentage |
|----------------|--|----------------------------|------------|
|                | R'000                                  |                            | %          |
| 2011/12        | 112 965                                | 353 273                    | 31.98      |
| 2012/13        | 145 432                                | 421 436                    | 34.51      |

**Table 246:** *Reliance on grants*



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The following graph indicates the municipality's reliance on grants for the last two financial years



Graph 25: Reliance on grants

Witzeneberg municipality is reliant on grants. Without the grants the municipality would not have been in a position to upgrade infrastructure.

### 5.4 ASSET MANAGEMENT

The responsibility for Asset Management lies with both finance and the different functional/departmental managers. The Finance section is responsible for the record keeping and reporting on the Assets, whereas the functional managers are responsible for the physical safeguarding of assets, the maintenance, acquisition and disposal of assets.

It is of utmost importance that these two functional areas communicate on a regular basis regarding all movement of assets. Especially in respect of the annual assets count, where information regarding the existence, condition and useful lives regarding assets is reviewed and reported on.

The implementation of GRAP (accounting standard for municipalities) remains a challenge to the municipality due to the cost and time factors.

#### 5.4.1 TREATMENT OF THE THREE LARGEST ASSETS

| Asset 1                 |   |
|-------------------------|---|
| Name:                   | Koekedouw Dam   |
| Description:            | Water storage dam for the Ceres and Prince Alfred Hamlet areas. |
| Asset Type:             | Water storage   |
| Key Staff Involved:     | Director Civil Services and Manager: Water Services             |
| Staff Responsibilities: | Management of the Dam and the water                             |



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| Asset 1                            |   |
|------------------------------------|---|
| Capital Implications:              | None  |
| Future Purpose of Asset:           | To provide water to the Ceres and Prince Alfred Hamlet areas.   |
| Describe Key Issues:               | The interest and redemption payments on the loan has an impact on the total expenditure and cash flow position of the municipality. |
| Policies in Place to Manage Asset: | Asset Management Policy   |

**Table 247:** *Summary of Largest Asset*

| Asset 2                            |  |
|------------------------------------|--|
| Name:                              | Pine Forest, Ceres   |
| Description:                       | Pine Forest Resort   |
| Asset Type:                        | Community Asset, Resort  |
| Key Staff Involved:                | Director Community and Social Services and Manager: Resorts  |
| Staff Responsibilities:            | Management of the resort   |
| Capital Implications:              | None   |
| Future Purpose of Asset:           | To provide holiday accomodation and recreational facilities  |
| Describe Key Issues:               | The expenditure to manage the resort exceeds the income from the resort. As this is not a primary municipal function of a municipality a partner need to be identified for the management of the resort. |
| Policies in Place to Manage Asset: | Asset Management Policy  |

**Table 248:** *Summary of 2nd Largest Asset*

| Asset 3                            |  |
|------------------------------------|--|
| Name:                              | Klip River Park, Tulbagh   |
| Description:                       | Klip River Park  |
| Asset Type:                        | Community Asset, Resort  |
| Key Staff Involved:                | Director Community and Social Services and Manager: Resorts                              |
| Staff Responsibilities:            | Management of the resort   |
| Capital Implications:              | None   |
| Future Purpose of Asset:           | To be rented out.  |
| Describe Key Issues:               | Tenders will be invited during the 2013/2014 financial year to identify possible leases. |
| Policies in Place to Manage Asset: | Asset Management Policy  |

**Table 249:** *Summary of 3rd Largest Asset*



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### 5.4.2 REPAIRS AND MAINTENANCE

| Description                         | Original Budget | Adjustment Budget | Actual | Budget variance |
|-------------------------------------|-----------------|-------------------|--------|-----------------|
|                                     | R'000           |                   |        | %               |
| Repairs and Maintenance Expenditure | 14 206          | 14 202            | 14 853 | 13 524          |

**Table 250:** Repairs & Maintenance Expenditure

The future expenditure on repairs and maintenance needs to be expanded to ensure that assets are maintained in a condition that is conducive for service delivery.

## 5.5 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

### 5.5.1 LIQUIDITY RATIO

| Description                             | Basis of calculation                                      | 2011/12         | 2012/13           |
|---|---|-----------------|-------------------|
|   |   | Audited outcome | Pre-audit outcome |
| Current Ratio                           | Current assets/current liabilities                        | 0.98            | 1.13              |
| Current Ratio adjusted for aged debtors | Current assets less debtors > 90 days/current liabilities | 0.98            | 1.13              |
| Liquidity Ratio                         | Monetary Assets/Current Liabilities                       | 0.40            | 0.38              |

**Table 251:** Liquidity Financial Ratio

| Financial year | Net current assets | Net current liabilities | Ratio |
|----------------|--------------------|-------------------------|-------|
|                | R'000              |                         |       |
| 2011/12        | 79 583             | 81 056                  | 0.98  |
| 2012/13        | 92 096             | 81 299                  | 1.13  |

**Table 252:** Liquidity Financial Ratio

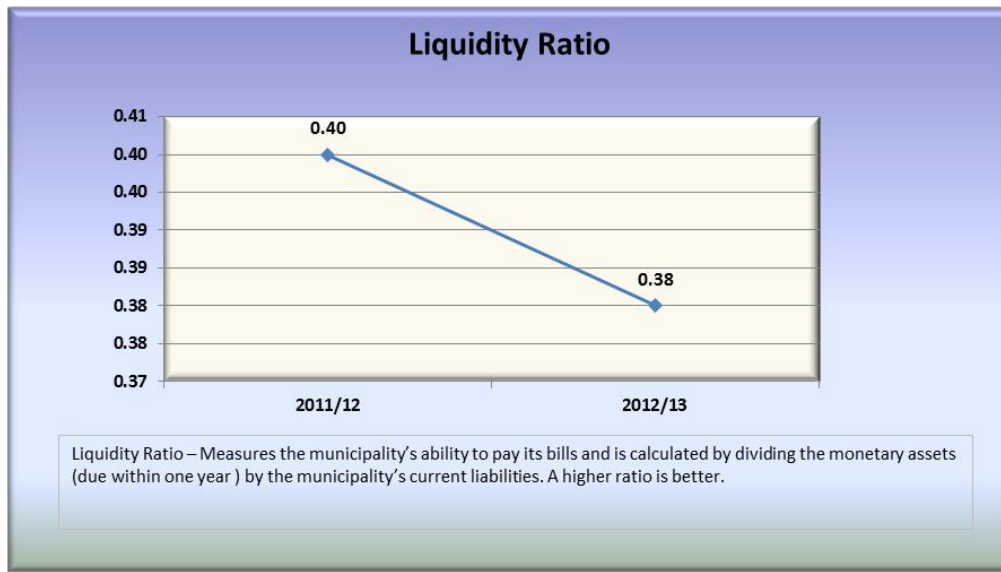
The current ratio and the current ratio adjusted for aged debt are the same as the debtors per the statement of financial performance and has already been impaired (reduced with the doubtful debt).

The largest contributor to the increase in the current liabilities is the payables from exchange transactions.



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The following graph indicates the liquidity financial ratio for 2012/13:



Graph 26: Liquidity Ratio

### 5.5.2 IDP REGULATION FINANCIAL VIABILITY INDICATORS

| Description                                  | Basis of calculation  | 2011/12         | 2012/13           |
|--|---|-----------------|-------------------|
|  |   | Audited outcome | Pre-audit outcome |
| Cost Coverage                                | (Available cash + Investments)/monthly fixed operational expenditure                          | 1.77            | 1.53              |
| Total Outstanding Service Debtors to Revenue | Total outstanding service debtors/annual revenue received for services                        | 0.47            | 0.51              |
| Debt coverage                                | (Total Operating Revenue - Operating Grants)/Debt service payments due within financial year) | 17.10           | 21.50             |

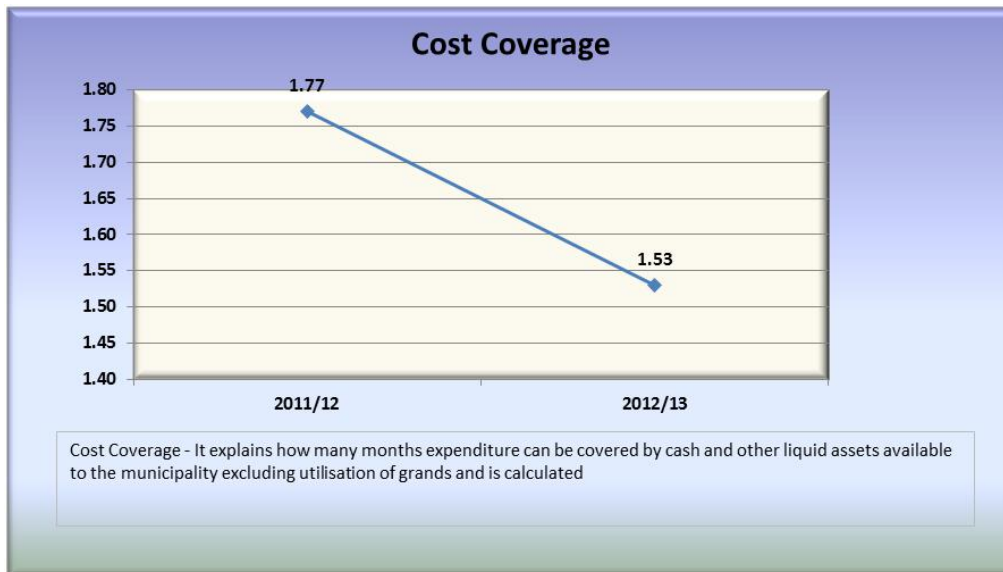
Table 253: Financial Viability National KPAs



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### a) Cost Coverage

The following graph indicates the cost coverage financial viability indicator:



Graph 27: Cost Coverage

### b) Outstanding Service Debtors to Revenue

The following graph indicates the outstanding service to revenue financial viability indicator:



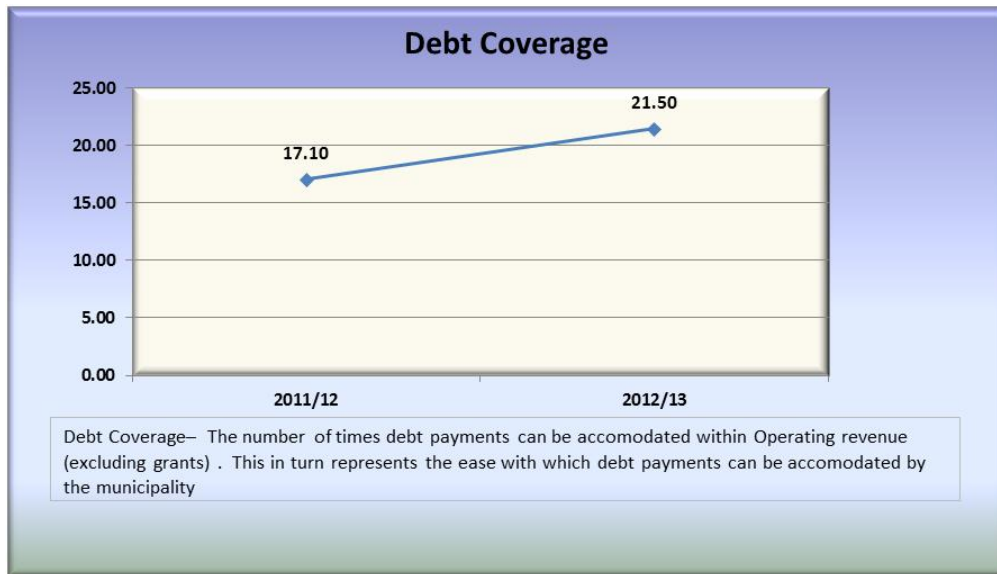
Graph 28: Total Outstanding Service Debtors



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### c) Debt Coverage

The following graph indicates the debt coverage financial viability indicator:



Graph 29: Debt Coverage

### 5.5.3 CREDITORS MANAGEMENT

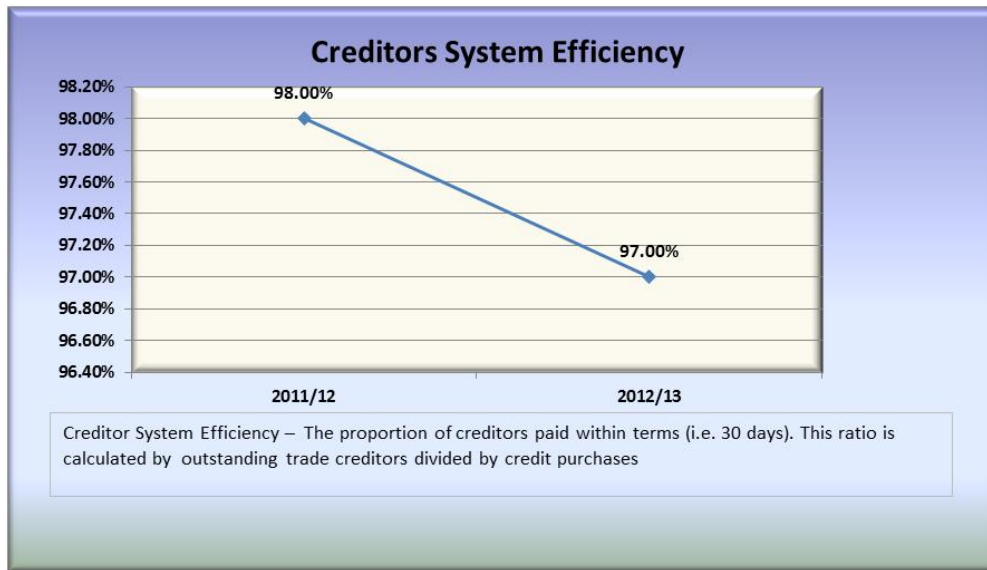
| Description                 | Basis of calculation                                     | 2011/12         | 2012/13           |
|-----------------------------|--|-----------------|-------------------|
|                             |  | Audited outcome | Pre-audit outcome |
| Creditors System Efficiency | % of Creditors Paid Within Terms (within 'MFMA' s 65(e)) | 98              | 97                |

Table 254: Creditors Management



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The following graph indicates the percentage of all creditors paid within terms:



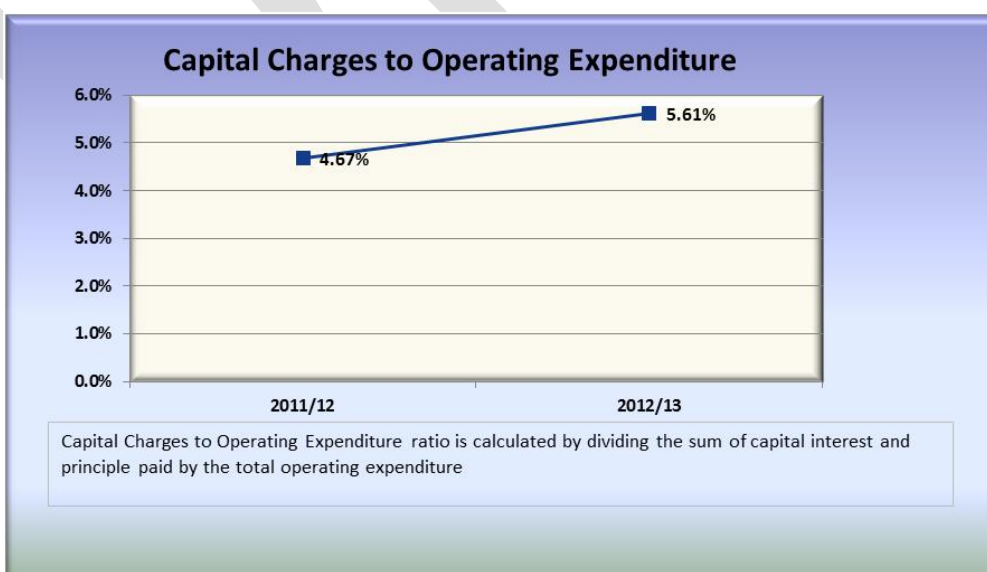
Graph 30: Creditors Ratio

### 5.5.4 BORROWING MANAGEMENT

| Description                              | Basis of calculation                              | 2011/12         | 2012/13           |
|--|---|-----------------|-------------------|
|  |   | Audited outcome | Pre-audit outcome |
| Capital Charges to Operating Expenditure | Interest & Principal Paid / Operating Expenditure | 4.67%           | 5.61%             |

Table 255: Borrowing Management

The following graph indicates the ratio of capital charges to operating expenditure:



Graph 31: Capital Charges to Operating Expenditure Ratio





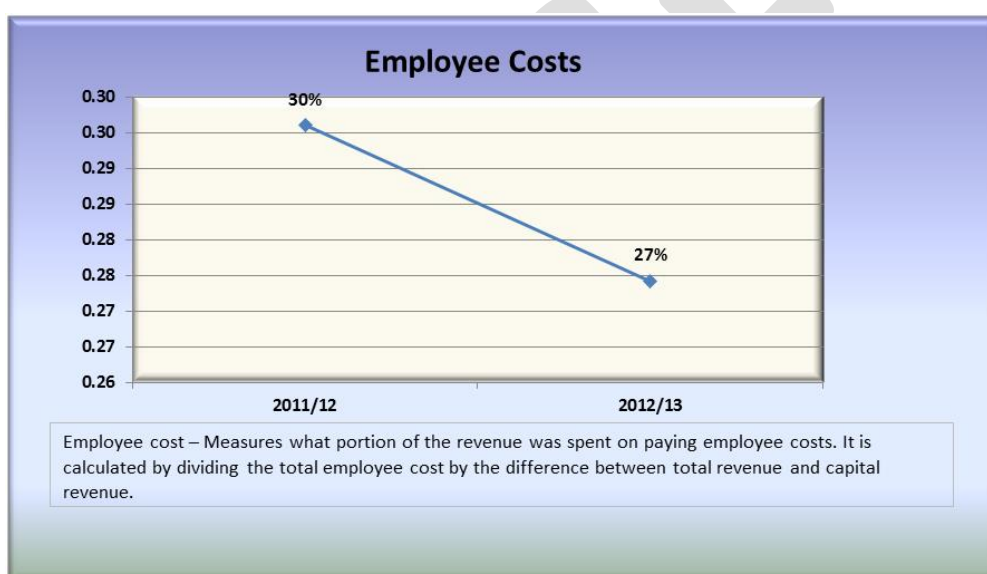
## CHAPTER 5: FINANCIAL PERFORMANCE

### 5.5.5 EMPLOYEE COSTS

| Description    | Basis of calculation                             | 2011/12                | 2012/13                  |
|----------------|--|------------------------|--------------------------|
|                |  | <i>Audited outcome</i> | <i>Pre-audit outcome</i> |
| Employee costs | Employee costs/(Total Revenue - capital revenue) | 29.60%                 | 27.83%                   |

**Table 256:** *Employee Costs*

The following graph indicates the employee costs ratio:



**Graph 32:** *Employee Costs Ratio*

### 5.5.6 REPAIRS & MAINTENANCE

| Description           | Basis of calculation                          | 2011/12                | 2012/13                  |
|-----------------------|---|------------------------|--------------------------|
|                       |   | <i>Audited outcome</i> | <i>Pre-audit outcome</i> |
| Repairs & Maintenance | R&M/(Total Revenue excluding capital revenue) | 4.70                   | 3.88                     |

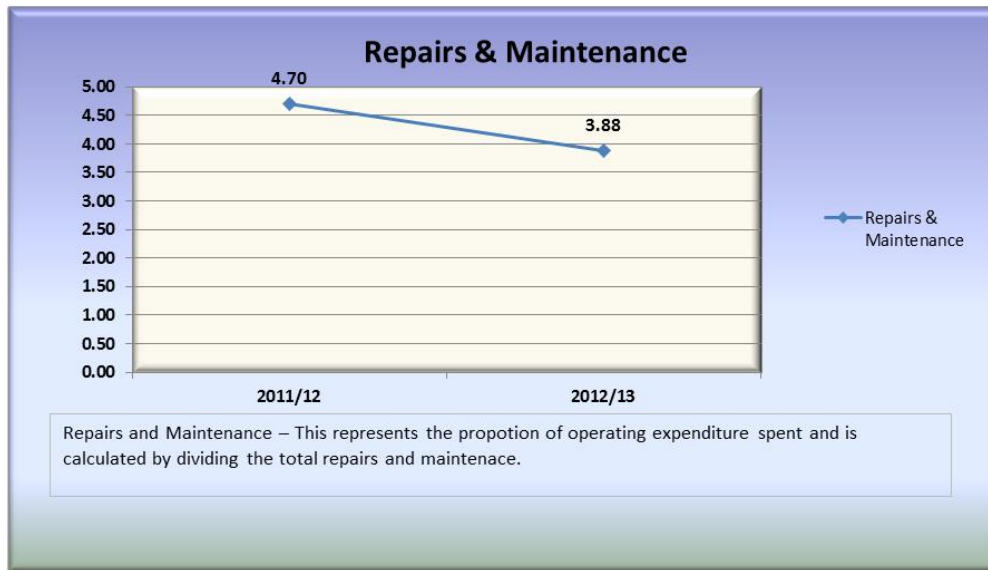
**Table 257:** *Repairs and Maintenance*

The expenditure on repairs and maintenance are below the required standard. The financial position of the municipality must improve to make more funds available for this very important expense item.



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The following graph indicates the ratio of repairs and maintenance:



Graph 33: Repairs and Maintenance Ratio

### COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

Capital expenditure relates mainly to construction projects that will have an economic life of more than one year. Capital expenditure is funded from grants and surpluses. Component B deals with capital spending indicating where the funding comes from and whether municipalities are able to spend the available funding as planned.

#### 5.6 CAPITAL EXPENDITURE

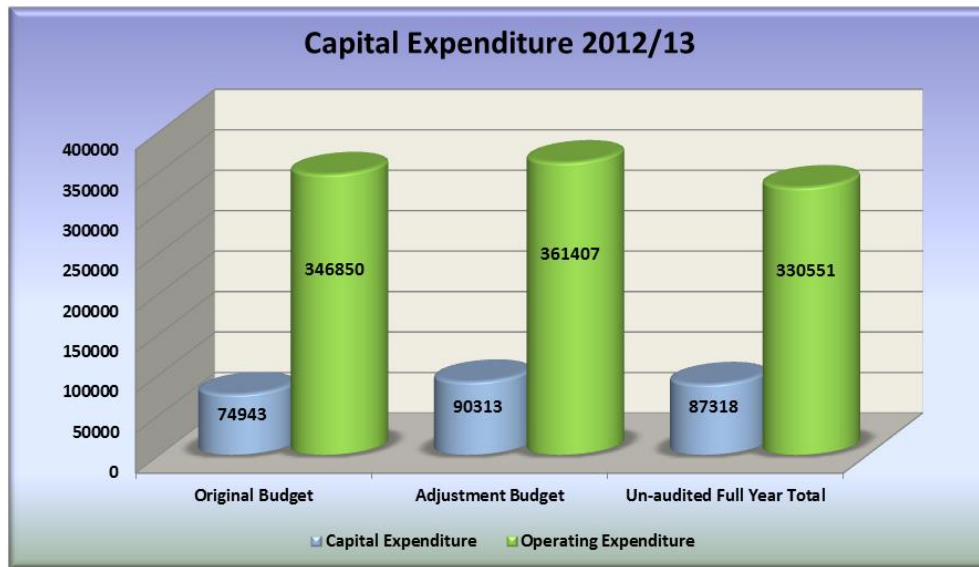
| Description              | Original Budget | Adjustment Budget | Unaudited Full Year Total | Original Budget variance | Adjusted Budget Variance |
|--------------------------|-----------------|-------------------|---------------------------|--------------------------|--------------------------|
|                          | R'000           |                   |                           | %                        |                          |
| Capital Expenditure      | 74 943          | 90 313            | 87 318                    | -3.32                    | 16.51                    |
| Operating Expenditure    | 346 848         | 361 407           | 330 551                   | -8.54                    | -4.70                    |
| <b>Total expenditure</b> | <b>421 793</b>  | <b>451 722</b>    | <b>425 112</b>            | <b>-5.89</b>             | <b>0.79</b>              |

Table 258: Capital Expenditure



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The following graph indicates the expenditure against the capital budget:



Graph 34: Capital Expenditure

### 5.6.1 CAPITAL EXPENDITURE BY NEW ASSETS PROGRAMME

| Description                            | 2011/12 | 2012/13         |                   |                    | Planned Capital expenditure |         |         |
|--|---------|-----------------|-------------------|--------------------|-----------------------------|---------|---------|
|  | Actual  | Original Budget | Adjustment Budget | Actual Expenditure | 2013/14                     | 2014/15 | 2015/16 |
|  | R'000   |                 |                   |                    |                             |         |         |
| Capital expenditure by Asset Class     |         |                 |                   |                    |                             |         |         |
| Infrastructure - Total                 | 38 727  | 49 012          | 55 869            | 53 789             | 25 320                      | 16 722  | 7 532   |
| Infrastructure: Road transport - Total | 6 194   | 6 549           | 14 810            | 14 802             | 3 682                       | 50      | –       |
| Roads, Pavements & Bridges             | 5 468   | 6 398           | 9 202             | 9 195              | 1 411                       | 0       | 0       |
| Storm water                            | 726     | 152             | 5 608             | 5 607              | 2 270                       | 50      | 0       |
| Infrastructure: Electricity - Total    | 3 446   | 3 670           | 2 800             | 2 631              | 2 600                       | 2 354   | 200     |
| Generation                             | 0       | 0               | 0                 | 0                  | 0                           | 0       | 0       |
| Transmission & Reticulation            | 3 446   | 2 800           | 1 929             | 1 760              | 2 600                       | 2 354   | 200     |
| Street Lighting                        | 0       | 870             | 870               | 870                | 0                           | 0       | 0       |
| Infrastructure: Water - Total          | 20 154  | 23 377          | 25 916            | 25 110             | 6 051                       | 11 140  | 1 263   |
| Dams & Reservoirs                      | 0       | 0               | 0                 | 0                  | 0                           | 0       | 0       |
| Water purification                     | 0       | 0               | 0                 | 0                  | 0                           | 0       | 0       |
| Reticulation                           | 20 154  | 23 377          | 25 916            | 25 110             | 6 051                       | 11 140  | 1 263   |



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| Description                               | 2011/12      | 2012/13         |                   |                    | Planned Capital expenditure |              |              |
|---|--------------|-----------------|-------------------|--------------------|-----------------------------|--------------|--------------|
|   | Actual       | Original Budget | Adjustment Budget | Actual Expenditure | 2013/14                     | 2014/15      | 2015/16      |
|   | R'000        |                 |                   |                    |                             |              |              |
| <b>Infrastructure: Sanitation - Total</b> | <b>4 576</b> | <b>3 006</b>    | <b>4 925</b>      | <b>4 835</b>       | <b>1 256</b>                | <b>877</b>   | <b>4 000</b> |
| Reticulation                              | 0            | 0               | 0                 | 0                  | 0                           | 0            | 0            |
| Sewerage purification                     | 4 576        | 3 006           | 4 925             | 4 835              | 1 256                       | 877          | 4 000        |
| <b>Infrastructure: Other - Total</b>      | <b>150</b>   | <b>120</b>      | <b>153</b>        | <b>0</b>           | <b>0</b>                    | <b>0</b>     | <b>0</b>     |
| Waste Management                          | 150          | 120             | 153               | 0                  | 0                           | 0            | 0            |
| Transportation                            | 0            | 0               | 0                 | 0                  | 0                           | 0            | 0            |
| Gas                                       | 0            | 0               | 0                 | 0                  | 0                           | 0            | 0            |
| Other                                     | 0            | 0               | 0                 | 0                  | 0                           | 0            | 0            |
| <b>Community - Total</b>                  | <b>4 207</b> | <b>12 291</b>   | <b>7 266</b>      | <b>6 411</b>       | <b>11 732</b>               | <b>2 300</b> | <b>2 068</b> |
| Parks & gardens                           | 0            | 0               | 0                 | 0                  | 0                           | 0            | 0            |
| Sports fields & stadia                    | 0            | 0               | 0                 | 0                  | 0                           | 0            | 0            |
| Swimming pools                            | 0            | 0               | 0                 | 0                  | 0                           | 0            | 0            |
| Community halls                           | 0            | 2 089           | 168               | 168                | 639                         | 0            | 0            |
| Libraries                                 | 0            | 0               | 25                | 0                  | 3 000                       | 0            | 0            |
| Recreational facilities                   | 4 137        | 8 836           | 6 929             | 6 100              | 8 093                       | 2 300        | 1 968        |
| Fire, safety & emergency                  | 0            | 0               | 0                 | 0                  | 0                           | 0            | 0            |
| Security and policing                     | 70           | 50              | 50                | 50                 | 0                           | 0            | 0            |
| Buses                                     | 0            | 0               | 0                 | 0                  | 0                           | 0            | 0            |
| Clinics                                   | 0            | 0               | 0                 | 0                  | 0                           | 0            | 0            |
| Museums & Art Galleries                   | 0            | 0               | 0                 | 0                  | 0                           | 0            | 0            |
| Cemeteries                                | 0            | 0               | 0                 | 0                  | 0                           | 0            | 0            |
| Social rental housing                     | 0            | 0               | 0                 | 0                  | 0                           | 0            | 0            |
| Other                                     | 0            | 1 315           | 93                | 93                 | 0                           | 0            | 100          |
| <b>Capital expenditure by Asset Class</b> |              |                 |                   |                    |                             |              |              |
| <b>Heritage assets - Total</b>            | <b>0</b>     | <b>0</b>        | <b>0</b>          | <b>0</b>           | <b>0</b>                    | <b>0</b>     | <b>0</b>     |
| Buildings                                 | 0            | 0               | 0                 | 0                  | 0                           | 0            | 0            |
| Other                                     | 0            | 0               | 0                 | 0                  | 0                           | 0            | 0            |
| <b>Investment properties - Total</b>      | <b>0</b>     | <b>0</b>        | <b>0</b>          | <b>0</b>           | <b>0</b>                    | <b>0</b>     | <b>0</b>     |
| Housing development                       | 0            | 0               | 0                 | 0                  | 0                           | 0            | 0            |
| Other                                     | 0            | 0               | 0                 | 0                  | 0                           | 0            | 0            |
| <b>Other assets</b>                       | <b>2 274</b> | <b>2 280</b>    | <b>2 055</b>      | <b>1 685</b>       | <b>2 890</b>                | <b>350</b>   | <b>550</b>   |
| General vehicles                          | 332          | 280             | 280               | 280                | 1 500                       | 0            | 0            |



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| Description                                    | 2011/12       | 2012/13         |                   |                    | Planned Capital expenditure |               |              |
|--|---------------|-----------------|-------------------|--------------------|-----------------------------|---------------|--------------|
|  | Actual        | Original Budget | Adjustment Budget | Actual Expenditure | 2013/14                     | 2014/15       | 2015/16      |
|  | R'000         |                 |                   |                    |                             |               |              |
| Specialised vehicles                           | 0             | 0               | 0                 | 0                  | 0                           | 0             | 0            |
| Plant & equipment                              | 1 386         | 1 450           | 1 214             | 1 135              | 950                         | 300           | 500          |
| Computers – hardware/equipment                 | 19            | 0               | 0                 | 0                  | 0                           | 0             | 0            |
| Furniture and other office equipment           | 537           | 550             | 382               | 122                | 50                          | 50            | 50           |
| Abattoirs                                      | 0             | 0               | 0                 | 0                  | 0                           | 0             | 0            |
| Markets  | 0             | 0               | 0                 | 0                  | 0                           | 0             | 0            |
| Civic Land and Buildings                       | 0             | 0               | 0                 | 0                  | 0                           | 0             | 0            |
| Other Buildings                                | 0             | 0               | 0                 | 0                  | 390                         | 0             | 0            |
| Other Land                                     | 0             | 0               | 0                 | 0                  | 0                           | 0             | 0            |
| Surplus Assets - (Investment or Inventory)     | 0             | 0               | 0                 | 0                  | 0                           | 0             | 0            |
| Other  | 0             | 0               | 180               | 148                | 0                           | 0             | 0            |
| <b>Agricultural assets</b>                     | <b>0</b>      | <b>0</b>        | <b>0</b>          | <b>0</b>           | <b>0</b>                    | <b>0</b>      | <b>0</b>     |
| List sub-class                                 | 0             | 0               | 0                 | 0                  | 0                           | 0             | 0            |
| <b>Biological assets</b>                       | <b>0</b>      | <b>0</b>        | <b>0</b>          | <b>0</b>           | <b>0</b>                    | <b>0</b>      | <b>0</b>     |
| List sub-class                                 | 0             | 0               | 0                 | 0                  | 0                           | 0             | 0            |
| <b>Intangibles</b>                             | <b>15</b>     | <b>0</b>        | <b>0</b>          | <b>0</b>           | <b>0</b>                    | <b>0</b>      | <b>0</b>     |
| Computers - software & programming             | 15            | 0               | 0                 | 0                  | 0                           | 0             | 0            |
| Other (list sub-class)                         | 0             | 0               | 0                 | 0                  | 0                           | 0             | 0            |
| <b>Total Capital Expenditure on new assets</b> | <b>41 016</b> | <b>51 292</b>   | <b>57 924</b>     | <b>55 474</b>      | <b>28 210</b>               | <b>17 072</b> | <b>8 082</b> |
| <b>Specialised vehicles</b>                    | <b>0</b>      | <b>0</b>        | <b>0</b>          | <b>0</b>           | <b>0</b>                    | <b>0</b>      | <b>0</b>     |
| Refuse   | 0             | 0               | 0                 | 0                  | 0                           | 0             | 0            |
| Fire   | 0             | 0               | 0                 | 0                  | 0                           | 0             | 0            |
| Conservancy                                    | 0             | 0               | 0                 | 0                  | 0                           | 0             | 0            |
| Ambulances                                     | 0             | 0               | 0                 | 0                  | 0                           | 0             | 0            |

**Table 259: Capital Expenditure – New Assets Programme**



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### 5.6.2 CAPITAL EXPENDITURE BY UPGRADE/RENEWAL PROGRAMME

| Description                                  | 2011/12       | 2012/13         |                   |                    | Planned Capital expenditure |               |               |
|--|---------------|-----------------|-------------------|--------------------|-----------------------------|---------------|---------------|
|  | Actual        | Original Budget | Adjustment Budget | Actual Expenditure | 2013/14                     | 2014/15       | 2015/16       |
| <b>Capital expenditure by Asset Class</b>    |               |                 |                   |                    |                             |               |               |
| <b>(R '000)</b>                              |               |                 |                   |                    |                             |               |               |
| <b>Infrastructure - Total</b>                | <b>24 145</b> | <b>20 811</b>   | <b>28 274</b>     | <b>28 161</b>      | <b>21 607</b>               | <b>12 274</b> | <b>22 336</b> |
| <b>Infrastructure: Road transport -Total</b> | <b>15 601</b> | <b>11 316</b>   | <b>15 836</b>     | <b>16 368</b>      | <b>9 847</b>                | <b>50</b>     | <b>7 136</b>  |
| Roads, Pavements & Bridges                   | 15 539        | 11 016          | 15 396            | 16 078             | 9 697                       | 50            | 6 986         |
| Storm water                                  | 62            | 300             | 440               | 291                | 150                         | 0             | 150           |
| <b>Infrastructure: Electricity - Total</b>   | <b>0</b>      | <b>122</b>      | <b>427</b>        | <b>424</b>         | <b>0</b>                    | <b>0</b>      | <b>0</b>      |
| Generation                                   | 0             | 0               | 0                 | 0                  | 0                           | 0             | 0             |
| Transmission & Reticulation                  | 0             | 0               | 305               | 305                | 0                           | 0             | 0             |
| Street Lighting                              | 0             | 122             | 121               | 118                | 0                           | 0             | 0             |
| <b>Infrastructure: Water - Total</b>         | <b>296</b>    | <b>300</b>      | <b>600</b>        | <b>617</b>         | <b>1 740</b>                | <b>9 439</b>  | <b>13 450</b> |
| Dams & Reservoirs                            | 0             | 0               | 0                 | 0                  | 0                           | 0             | 0             |
| Water purification                           | 0             | 0               | 0                 | 0                  | 0                           | 0             | 0             |
| Reticulation                                 | 296           | 300             | 600               | 617                | 1 740                       | 9 439         | 13 450        |
| <b>Infrastructure: Sanitation - Total</b>    | <b>8 248</b>  | <b>9 073</b>    | <b>11 411</b>     | <b>10 752</b>      | <b>10 020</b>               | <b>2 786</b>  | <b>1 750</b>  |
| Reticulation                                 | 8 248         | 9 073           | 11 411            | 10 752             | 10 020                      | 2 786         | 1 750         |
| Sewerage purification                        | 0             | 0               | 0                 | 0                  | 0                           | 0             | 0             |
| <b>Infrastructure: Other - Total</b>         | <b>0</b>      | <b>0</b>        | <b>0</b>          | <b>0</b>           | <b>0</b>                    | <b>0</b>      | <b>0</b>      |
| Waste Management                             | 0             | 0               | 0                 | 0                  | 0                           | 0             | 0             |
| Transportation                               | 0             | 0               | 0                 | 0                  | 0                           | 0             | 0             |
| Gas  | 0             | 0               | 0                 | 0                  | 0                           | 0             | 0             |
| Other  | 0             | 0               | 0                 | 0                  | 0                           | 0             | 0             |
| <b>Community</b>                             | <b>657</b>    | <b>160</b>      | <b>244</b>        | <b>51</b>          | <b>500</b>                  | <b>0</b>      | <b>200</b>    |
| Parks & gardens                              | 0             | 0               | 0                 | 0                  | 0                           | 0             | 0             |
| Sports fields & stadia                       | 0             | 0               | 0                 | 0                  | 0                           | 0             | 0             |
| Swimming pools                               | 0             | 0               | 0                 | 0                  | 0                           | 0             | 0             |
| Community halls                              | 0             | 60              | 60                | 51                 | 0                           | 0             | 0             |
| Libraries                                    | 0             | 0               | 0                 | 0                  | 0                           | 0             | 0             |
| Recreational facilities                      | 152           | 100             | 129               | 0                  | 500                         | 0             | 200           |



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| Description                                | 2011/12      | 2012/13         |                   |                    | Planned Capital expenditure |          |            |
|--|--------------|-----------------|-------------------|--------------------|-----------------------------|----------|------------|
|  | Actual       | Original Budget | Adjustment Budget | Actual Expenditure | 2013/14                     | 2014/15  | 2015/16    |
| <b>Capital expenditure by Asset Class</b>  |              |                 |                   |                    |                             |          |            |
| <b>(R '000)</b>                            |              |                 |                   |                    |                             |          |            |
| Fire, safety & emergency                   | 0            | 0               | 0                 | 0                  | 0                           | 0        | 0          |
| Security and policing                      | 505          | 0               | 56                | 0                  | 0                           | 0        | 0          |
| Buses                                      | 0            | 0               | 0                 | 0                  | 0                           | 0        | 0          |
| Clinics                                    | 0            | 0               | 0                 | 0                  | 0                           | 0        | 0          |
| Museums & Art Galleries                    | 0            | 0               | 0                 | 0                  | 0                           | 0        | 0          |
| Cemeteries                                 | 0            | 0               | 0                 | 0                  | 0                           | 0        | 0          |
| Social rental housing                      | 0            | 0               | 0                 | 0                  | 0                           | 0        | 0          |
| Other                                      | 0            | 0               | 0                 | 0                  | 0                           | 0        | 0          |
| <b>Heritage assets</b>                     | <b>0</b>     | <b>0</b>        | <b>0</b>          | <b>0</b>           | <b>0</b>                    | <b>0</b> | <b>0</b>   |
| Buildings                                  | 0            | 0               | 0                 | 0                  | 0                           | 0        | 0          |
| Other                                      | 0            | 0               | 0                 | 0                  | 0                           | 0        | 0          |
| <b>Capital expenditure by Asset Class</b>  |              |                 |                   |                    |                             |          |            |
| <b>Investment properties</b>               | <b>0</b>     | <b>0</b>        | <b>0</b>          | <b>0</b>           | <b>0</b>                    | <b>0</b> | <b>0</b>   |
| Housing development                        | 0            | 0               | 0                 | 0                  | 0                           | 0        | 0          |
| Other                                      | 0            | 0               | 0                 | 0                  | 0                           | 0        | 0          |
| <b>Other assets</b>                        | <b>2 380</b> | <b>2 680</b>    | <b>3 250</b>      | <b>2 982</b>       | <b>783</b>                  | <b>0</b> | <b>350</b> |
| General vehicles                           | 394          | 900             | 791               | 778                | 250                         | 0        | 0          |
| Specialised vehicles                       | 0            | 664             | 754               | 754                | 0                           | 0        | 0          |
| Plant & equipment                          | 1 395        | 420             | 466               | 282                | 30                          | 0        | 50         |
| Computers - hardware/equipment             | 0            | 0               | 0                 | 0                  | 0                           | 0        | 0          |
| Furniture and other office equipment       | 94           | 200             | 216               | 199                | 53                          | 0        | 150        |
| Abattoirs                                  | 0            | 0               | 0                 | 0                  | 0                           | 0        | 0          |
| Markets                                    | 0            | 0               | 0                 | 0                  | 0                           | 0        | 0          |
| Civic Land and Buildings                   | 219          | 276             | 511               | 510                | 370                         | 0        | 150        |
| Other Buildings                            | 278          | 220             | 513               | 459                | 80                          | 0        | 0          |
| Other Land                                 | 0            | 0               | 0                 | 0                  | 0                           | 0        | 0          |
| Surplus Assets - (Investment or Inventory) | 0            | 0               | 0                 | 0                  | 0                           | 0        | 0          |
| Other                                      | 0            | 0               | 0                 | 0                  | 0                           | 0        | 0          |
| <b>Agricultural assets</b>                 | <b>0</b>     | <b>0</b>        | <b>0</b>          | <b>0</b>           | <b>0</b>                    | <b>0</b> | <b>0</b>   |
| List sub-class                             | 0            | 0               | 0                 | 0                  | 0                           | 0        | 0          |
| <b>Biological assets</b>                   | <b>0</b>     | <b>0</b>        | <b>0</b>          | <b>0</b>           | <b>0</b>                    | <b>0</b> | <b>0</b>   |



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| Description  | 2011/12       | 2012/13         |                   |                    | Planned Capital expenditure |               |               |
|--|---------------|-----------------|-------------------|--------------------|-----------------------------|---------------|---------------|
|  | Actual        | Original Budget | Adjustment Budget | Actual Expenditure | 2013/14                     | 2014/15       | 2015/16       |
| <b>Capital expenditure by Asset Class</b>                      |               |                 |                   |                    |                             |               |               |
| <b>(R '000)</b>  |               |                 |                   |                    |                             |               |               |
| List sub-class   | 0             | 0               | 0                 | 0                  | 0                           | 0             | 0             |
| <b>Intangibles</b>   | <b>0</b>      | <b>0</b>        | <b>620</b>        | <b>650</b>         | <b>250</b>                  | <b>0</b>      | <b>200</b>    |
| Computers - software & programming                             | 0             | 0               | 620               | 650                | 250                         | 0             | 200           |
| Other (list sub-class)   | 0             | 0               | 0                 | 0                  | 0                           | 0             | 0             |
| <b>Total Capital Expenditure on renewal of existing assets</b> | <b>27 182</b> | <b>23 650</b>   | <b>32 388</b>     | <b>31 844</b>      | <b>23 140</b>               | <b>12 274</b> | <b>23 086</b> |
| <b>Specialised vehicles</b>                                    | <b>0</b>      | <b>664</b>      | <b>754</b>        | <b>754</b>         | <b>0</b>                    | <b>0</b>      | <b>0</b>      |
| Refuse   | 0             | 0               | 0                 | 0                  | 0                           | 0             | 0             |
| Fire   | 0             | 664             | 754               | 754                | 0                           | 0             | 0             |
| Conservancy  | 0             | 0               | 0                 | 0                  | 0                           | 0             | 0             |
| Ambulances   | 0             | 0               | 0                 | 0                  | 0                           | 0             | 0             |

Table 260: Capital Expenditure – Upgrade/Renewal Programme

### 5.7 SOURCES OF FINANCE

The table below indicates the capital expenditure by funding source for the 2012/13 financial year:

| Details                            | 2011/12 | 2012/13              |                   |        | 2012/13 Variance          |                       |
|------------------------------------|---------|----------------------|-------------------|--------|---------------------------|-----------------------|
|                                    | Actual  | Original Budget (OB) | Adjustment Budget | Actual | Adjustment to OB Variance | Actual to OB Variance |
|                                    | (R"000) |                      |                   |        | (%)                       |                       |
| Source of finance                  |         |                      |                   |        |                           |                       |
| External loans                     | 0       | –                    | –                 | –      | #DIV/0!                   | #DIV/0!               |
| Public contributions and donations | 0       |                      |                   |        | #DIV/0!                   | #DIV/0!               |
| Grants and subsidies               | 58 971  | 62 001               | 74 823            | 73 085 | 20.68                     | -2.80                 |
| Other                              | 9 171   | 12 941               | 15 490            | 14 232 | 19.69                     | -9.71                 |
| Total                              | 68 142  | 74 943               | 90 313            | 87 318 | 20.51                     | -4.00                 |
| Percentage of finance              |         |                      |                   |        |                           |                       |
| External loans                     | 0.00%   | 0.00%                | 0.00%             | 0.00%  | n/a                       | n/a                   |
| Public contributions and donations | 0.00%   | 0.00%                | 0.00%             | 0.00%  | n/a                       | n/a                   |
| Grants and subsidies               | 86.54%  | 82.73%               | 82.85%            | 83.70% | n/a                       | n/a                   |
| Other                              | 13.46%  | 17.27%               | 17.15%            | 16.30% | n/a                       | n/a                   |



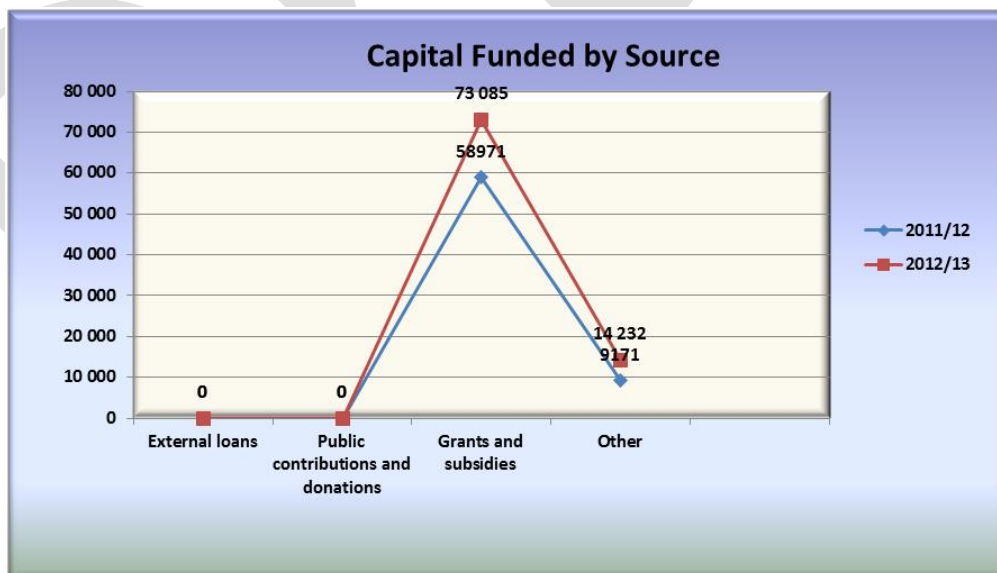


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| Details                   | 2011/12 | 2012/13              |                   |        | 2012/13 Variance          |                       |
|---------------------------|---------|----------------------|-------------------|--------|---------------------------|-----------------------|
|                           | Actual  | Original Budget (OB) | Adjustment Budget | Actual | Adjustment to OB Variance | Actual to OB Variance |
|                           | (R"000) |                      |                   |        | (%)                       |                       |
| Capital expenditure       |         |                      |                   |        |                           |                       |
| Water and sanitation      | 34 000  | 23 677               | 26 516            | 25 727 | 11.99                     | -3.33                 |
| Electricity               | 3 575   | 3 792                | 3 226             | 3 054  | -14.93                    | -4.54                 |
| Housing                   | 0       |                      |                   |        |                           |                       |
| Roads and storm water     | 22 138  | 17 865               | 30 646            | 31 170 | 71.55                     | 2.93                  |
| Other                     | 8 430   | 29 609               | 29 924            | 27 366 | 1.06                      | -8.64                 |
| Total                     | 68 143  | 74 943               | 90 313            | 87 318 | 20.51                     | -4.00                 |
| Percentage of expenditure |         |                      |                   |        |                           |                       |
| Water and sanitation      | 49.90%  | 31.59%               | 29.36%            | 29.46% | n/a                       | n/a                   |
| Electricity               | 5.25%   | 5.06%                | 3.57%             | 3.50%  | n/a                       | n/a                   |
| Housing                   | 0.00%   | 0.00%                | 0.00%             | 0.00%  | n/a                       | n/a                   |
| Roads and storm water     | 32.49%  | 23.84%               | 33.93%            | 35.70% | n/a                       | n/a                   |
| Other                     | 12.37%  | 39.51%               | 33.13%            | 31.34% | n/a                       | n/a                   |

**Table 261: Capital Expenditure by Funding Source**

The graph below illustrate the capital expenditure funded by source for the past two financial years



**Graph 35: Capital funded by source**



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### 5.8 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Projects with the highest capital expenditure in 2012/13

| Name of Project               | 2012/13         |                   |                    | Variance Current Year: 2012/13 |                     |
|-------------------------------|-----------------|-------------------|--------------------|--------------------------------|---------------------|
|                               | Original Budget | Adjustment Budget | Actual Expenditure | Original Variance              | Adjustment variance |
|                               | R'000           |                   |                    | %                              |                     |
| Bulk Water Provision Hamlet   | 7 018           | 11 418            | 10 830             | 54.3                           | -5.1                |
| Upgrading Roads               | 7 952           | 9 270             | 9 269              | 16.6                           | 0.0                 |
| Bulk Water - Waterworks       | 7 500           | 7 799             | 7 732              | 3.1                            | -0.9                |
| Wolseley Pine Valley Busroute | 4 145           | 4 145             | 4 145              | 0.0                            | 0.0                 |
| Swimming Pool Hamlet          | 5 263           | 3 567             | 3 567              | -32.2                          | 0.0                 |

**Table 262: Capital Expenditure on the 5 Largest Projects**

|                                     |  |
|-------------------------------------|--|
| <b>Name of Project - A</b>          | Bulk Water Provision Hamlet  |
| <b>Objective of Project</b>         | Provision of bulk water infrastructure that includes the upgrade of the main water supply line from the Koekedouw Dam. Water will be transferred through the Koekedouw irrigation system to Prince Alfred's Hamlet as per agreement with the Koekedouw Irrigation Board. |
| <b>Delays</b>                       | None.  |
| <b>Future Challenges</b>            | The second phase of the project includes the construction of a link line from the Koekedouw irrigation system to the Prince Alfred's Hamlet water works. This phase will be implemented in 2013/14.  |
| <b>Anticipated citizen benefits</b> | Water shortages were experienced during peak summer season and this project will ensure a sustainable provision of potable water to the community of Prince Alfred's Hamlet.   |

**Table 263: Summary of Project A – Bulk Water Provision Hamlet**

|                                     |   |
|-------------------------------------|---|
| <b>Name of Project - B</b>          | Upgrading Roads - Tulbagh   |
| <b>Objective of Project</b>         | The upgrading of Buitekant- & Waterkantstreets in Tulbagh as well as the construction of new roads in the Chris Hani subsidised housing project in Tulbagh  |
| <b>Delays</b>                       | The replacement of underground services during construction as well as rain and storm damages delayed the project.  |
| <b>Future Challenges</b>            | The majority of roads in Tulbagh is in a deteriorated state and funding are required to continue with the upgrading programme.  |
| <b>Anticipated citizen benefits</b> | The upgraded roads and adjacent storm water infrastructure will ensure safer road usage and future maintenance costs. The projects also increase the value of property and supports local economic development. |

**Table 264: Summary of Project B – Upgrading Roads – Tulbagh**



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|                                     |   |
|-------------------------------------|---|
| <b>Name of Project - C</b>          | Bulk Water – Tulbagh Waterworks   |
| <b>Objective of Project</b>         | To upgrade the existing Tulbagh water works to ensure sustainable provision of purified water to the community of Tulbagh.  |
| <b>Delays</b>                       | No delays   |
| <b>Future Challenges</b>            | The short term storage capacity will be addressed with the implementation of a project in 2013/14 to construct new reservoir.   |
| <b>Anticipated citizen benefits</b> | An increased quality of water will be supplied to the community and the increased capacity of the water works will ensure sustainable water supply to new developments in the town. |

**Table 265:** Summary of Project C – Bulk Water – Tulbagh Waterworks

|                                     |   |
|-------------------------------------|---|
| <b>Name of Project - D</b>          | Wolseley Pine Valley Busroute   |
| <b>Objective of Project</b>         | Surfacing of gravel roads in the Pine Valley township of Wolseley.  |
| <b>Delays</b>                       | No delays   |
| <b>Future Challenges</b>            | No challenges   |
| <b>Anticipated citizen benefits</b> | The upgraded roads and adjacent storm water infrastructure will ensure safer road usage and future maintenance costs. The projects also increase the value of property and supports local economic development. |

**Table 266:** Summary of Project D – Wolseley Pine Valley Bus route

|                                     |   |
|-------------------------------------|---|
| <b>Name of Project - E</b>          | Swimming Pool Hamlet  |
| <b>Objective of Project</b>         | Construct a half olympic size swimming pool with cloakrooms in Kliprug, Prince Alfred's Hamlet. |
| <b>Delays</b>                       | No delays   |
| <b>Future Challenges</b>            | None  |
| <b>Anticipated citizen benefits</b> | The social upgrading of the area and usage by the community.                                    |

**Table 267:** Summary of Project E – Swimming Pool Hamlet

The expenditure on the major projects listed above are according to budget and were all completed within set timeframes, except the Upgrade of Roads. A major concern is the ability of the municipality to maintain the assets in future, within the parameters of affordable tariff adjustments.

### 5.9 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

All the residents in the town areas have access to minimum basic services. Some areas still need to be upgraded to waterborne sewer systems. Housing delivery is still a challenge although it is a function of the provincial government. Service delivery to informal areas needs to be improved, serviced plots might be the only solution.



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### 5.9.1 SERVICE BACKLOGS

| Households (HHs)   |                                       |              |  |              |
|--|---------------------------------------|--------------|--|--------------|
| Description  | *Service level above minimum standard |              | **Service level below minimum standard |              |
|  | Number of Households                  | % Households | Number of Households                   | % Households |
| Water  | 13 319                                | 100%         | 0                                      | 0            |
| Sanitation   | 13 235                                | 100%         | 0                                      | 0            |
| Electricity  | 12 635                                | 100%         | 0                                      | 0            |
| Waste management   | 12 836                                | 100%         | 0                                      | 0            |
| Housing  |                                       |              | 7 865                                  | 0            |
| % HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to * formal and ** informal settlements. |                                       |              |  |              |

Table 268: Service Backlogs

### 5.9.2 MUNICIPAL INFRASTRUCTURE GRANT (MIG)

| Details                         | Budget | Adjust-ments<br>Budget | Actual | Variance |                        |
|---------------------------------|--------|------------------------|--------|----------|------------------------|
|                                 |        |                        |        | Budget   | Adjust-ments<br>Budget |
|                                 | R'000  |                        |        | %        |                        |
| Infrastructure - Road transport | 12 097 | 15 084                 | 15 084 | 19.8     | 0.0                    |
| Roads, Pavements & Bridges      | 12 097 | 13 415                 | 13 414 | 9.8      | 0.0                    |
| Storm water                     | 0      | 1 670                  | 1 670  | 100.0    | 0.0                    |
| Infrastructure - Electricity    | 870    | 870                    | 870    | 0.0      | 0.0                    |
| Generation                      | 0      | 0                      | 0      | 0        | 0                      |
| Transmission & Reticulation     | 870    | 870                    | 870    | 0.0      | 0.0                    |
| Street Lighting                 | 0      | 0                      | 0      | 0        | 0                      |
| Infrastructure - Water          | 2 989  | 1 499                  | 1 499  | -99.4    | 0.0                    |
| Dams & Reservoirs               | 2 989  | 1 499                  | 1 499  | -99.4    | 0.0                    |
| Water purification              | 0      | 0                      | 0      | 0        | 0                      |
| Reticulation                    | 0      | 0                      | 0      | 0        | 0                      |
| Infrastructure - Sanitation     | 723    | 977                    | 974    | 25.8     | -0.3                   |
| Reticulation                    | 723    | 977                    | 974    | 25.8     | -0.3                   |
| Sewerage purification           | 0      | 0                      | 0      | 0        | 0                      |
| Infrastructure – Other          | 0      | 0                      | 0      | 0        | 0                      |
| Waste Management                | 0      | 0                      | 0      | 0        | 0                      |
| Transportation                  | 0      | 0                      | 0      | 0        | 0                      |
| Gas                             | 0      | 0                      | 0      | 0        | 0                      |



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| Details   | Budget | Adjust-ments<br>Budget | Actual | Variance |                        |
|---|--------|------------------------|--------|----------|------------------------|
|   |        |                        |        | Budget   | Adjust-ments<br>Budget |
|   | R'000  |                        |        | %        |                        |
| Other Specify:  | 2 424  | 1 027                  | 993    | -144.0   | -3.4                   |
| Total   | 19 104 | 19 458                 | 19 420 | 1.6      | -0.2                   |
| * MIG is a government grant program designed to fund a reduction in service backlogs, mainly: Water; Sanitation; Roads; Electricity. Expenditure on new, upgraded and renewed infrastructure. Note also the calculation of the variation. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. |        |                        |        |          |                        |

**Table 269: Municipal Infrastructure Grant (MIG)**

The largest portion of the Municipal Infrastructure Grant was spend on the upgrade of the roads in Tulbagh.

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

Cash flow budgeting and management is of the utmost importance to ensure sufficient cash to meet obligations.

### 5.10 CASH FLOW

| Description                                       | 2011/12                | 2012/13         |                 |               |
|---|------------------------|-----------------|-----------------|---------------|
|   | <i>Audited Outcome</i> | Original Budget | Adjusted Budget | Actual        |
| <b>Cash flow from operating activities</b>        |                        |                 |                 |               |
| <b>R'000</b>                                      |                        |                 |                 |               |
| <b>Receipts</b>                                   |                        |                 |                 |               |
| Ratepayers and other                              | 216 200                | 257 376         | 257 376         | 251 302       |
| Government  | 111 604                | 138 180         | 147 585         | 128 518       |
| Interest  | 5 888                  | 6 096           | 5 902           | 7 849         |
| Dividends   | 0                      | 0               | 0               | 0             |
| <b>Payments</b>                                   |                        |                 |                 |               |
| Suppliers and employees                           | -235 138               | (297 547)       | (305 254)       | (282 247)     |
| Finance charges                                   | -12 245                | (17 139)        | (16 452)        | (11 319)      |
| Transfers and Grants                              | -794                   | (1 079)         | (1 045)         | (767)         |
| <b>Net cash from/(used) operating activities</b>  | <b>86</b>              | <b>85 887</b>   | <b>88 112</b>   | <b>93 335</b> |
| <b>Cash flows from investing activities</b>       |                        |                 |                 |               |
| <b>Receipts</b>                                   |                        |                 |                 |               |
| Proceeds on disposal of PPE                       | 1 001                  | 2               | 0               | 13            |
| Decrease (Increase) in non-current debtors        | -118                   | 0               | 25              | 49            |
| Decrease (increase) other non-current receivables | 0                      | 0               | 0               | 0             |
| Decrease (increase) in non-current investments    | 0                      | 0               | 0               | 0             |



## CHAPTER 5: FINANCIAL PERFORMANCE

| Description  | 2011/12         | 2012/13         |                 |                 |
|--|-----------------|-----------------|-----------------|-----------------|
|  | Audited Outcome | Original Budget | Adjusted Budget | Actual          |
| <b>Cash flow from operating activities</b>             |                 |                 |                 |                 |
| <b>R'000</b>   |                 |                 |                 |                 |
| <b>Payments</b>  |                 |                 |                 |                 |
| Capital assets   | -68 281         | (74 943)        | (89 200)        | (88 010)        |
| <b>Net cash from/(used) investing activities</b>       | <b>-67 398</b>  | <b>(74 941)</b> | <b>(89 175)</b> | <b>(87 948)</b> |
| <b>Cash flows from financing activities</b>            |                 |                 |                 |                 |
| <b>Receipts</b>  |                 |                 |                 |                 |
| Short term loans                                       | 0               | 0               | 0               | 0               |
| Borrowing long term/refinancing                        | 0               | 0               | 0               | 0               |
| Increase (decrease) in consumer deposits               | 51              | 0               | 348             | 121             |
| <b>Payments</b>  |                 |                 |                 |                 |
| Repayment of borrowing                                 | -7 480          | (7 441)         | (7 441)         | (7 217)         |
| <b>Net cash from/(used) financing activities</b>       | <b>-7 429</b>   | <b>(7 441)</b>  | <b>(7 441)</b>  | <b>(7 217)</b>  |
| <b>Net increase/ (decrease) in cash held</b>           | <b>10 688</b>   | <b>3 506</b>    | <b>(8 504)</b>  | <b>(1 829)</b>  |
| Cash/cash equivalents at the year begin:               | 21 874          | 32 562          | 32 562          | 32 562          |
| Net increase on Cash/cash equivalents at the year-end: | 32 562          | 36 068          | 24 058          | 30 853          |

Table 270: Cash flow

### 5.11 GROSS OUTSTANDING DEBTORS PER SERVICE

| Financial year                                | Rates  | Trading services      | Economic services     | Housing rentals | Other | Total   |
|---|--------|-----------------------|-----------------------|-----------------|-------|---------|
|   |        | Electricity and Water | Sanitation and Refuse |                 |       |         |
|   | R'000  |                       |                       |                 |       |         |
| 2011/12                                       | 11 557 | 55 815                | 32 687                | 1 422           | 1 712 | 103 193 |
| 2012/13                                       | 14 976 | 68 105                | 42 643                | 1 732           | 1 898 | 129 353 |
| Difference                                    | 3 419  | 12 290                | 9 956                 | 310             | 186   | 26 160  |
| % growth year on year                         | 29.6   | 22.0                  | 30.5                  | 21.8            | 10.9  | 25.4    |
| Note: Figures exclude provision for bad debt. |        |                       |                       |                 |       |         |

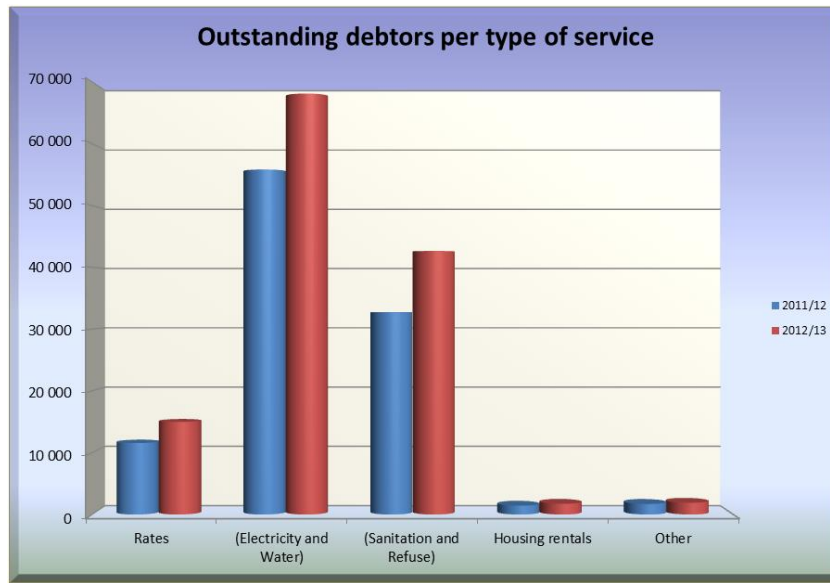
Note: Figures exclude provision for bad debt.

Table 271: Gross outstanding debtors per service



## CHAPTER 5: FINANCIAL PERFORMANCE

The following graph indicates the total outstanding debt per type of service for 2012/13



Graph 36: Debt per type of service

### 5.12 TOTAL DEBTORS AGE ANALYSIS

| Financial year        | Less than 30 days | Between 30-60 days | Between 60-90 days | More than 90 days | Total   |
|-----------------------|-------------------|--------------------|--------------------|-------------------|---------|
|                       | R'000             |                    |                    |                   |         |
| 2011/12               | 29 236            | 2 588              | 1 481              | 58 331            | 91 636  |
| 2012/13               | 33 629            | 4 467              | 2 214              | 89 044            | 129 353 |
| Difference            | 4 393             | 1 879              | 733                | 30 713            | 37 717  |
| % growth year on year | 15.0              | 72.6               | 49.5               | 52.7              | 41.2    |

*Note: Figures exclude provision for bad debt.*

Table 272: Service debtor age analysis

Steps need to be implemented urgently to address the non payment for municipal rates and services. If consumers do not pay for services delivered the municipality will not be in a position to maintain or improve on the current level of service delivery.

### 5.13 BORROWING AND INVESTMENTS

#### 5.13.1 ACTUAL BORROWINGS

| Instrument                                 | 2011/12 | 2012/13 |
|--|---------|---------|
|  | R'000   |         |
| Long-Term Loans (annuity/reducing balance) | 45 166  | 44 804  |
| Long-Term Loans (non-annuity)              | 0       | 0       |

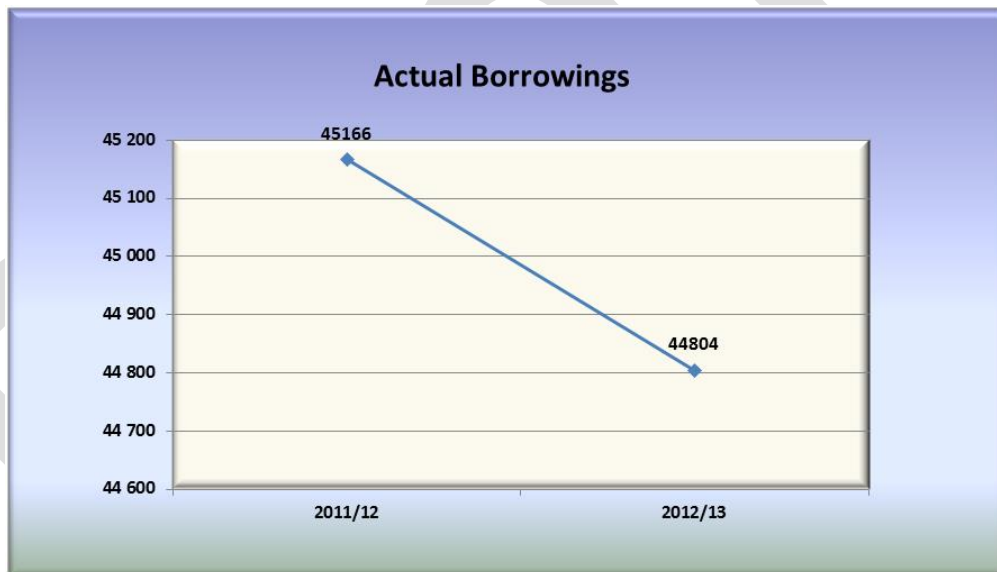


## CHAPTER 5: FINANCIAL PERFORMANCE

| Instrument                                | 2011/12       | 2012/13       |
|---|---------------|---------------|
|   | R'000         |               |
| Local registered stock                    | 0             | 0             |
| Instalment Credit                         | 0             | 0             |
| Financial Leases                          | 0             | 0             |
| PPP liabilities                           | 0             | 0             |
| Finance Granted By Cap Equipment Supplier | 0             | 0             |
| Marketable Bonds                          | 0             | 0             |
| Non-Marketable Bonds                      | 0             | 0             |
| Bankers Acceptances                       | 0             | 0             |
| Financial derivatives                     | 0             | 0             |
| Other Securities                          | 0             | 0             |
| <b>Municipality Total</b>                 | <b>45 166</b> | <b>44 804</b> |

Table 273: Actual Borrowings

The following graph shows the municipal actual borrowings for the past two years:



Graph 37: Actual Borrowings





## CHAPTER 5: FINANCIAL PERFORMANCE

### 5.13.2 MUNICIPAL INVESTMENTS

| Investment type                            | 2011/12       | 2012/13       |
|--|---------------|---------------|
|  | R'000         | R'000         |
| Securities - National Government           | 0             | 0             |
| Listed Corporate Bonds                     | 0             | 0             |
| Deposits - Bank                            | 18 076        | 21 914        |
| Deposits - Public Investment Commissioners | 0             | 0             |
| Deposits - Corporation for Public Deposits | 0             | 0             |
| Bankers Acceptance Certificates            | 0             | 0             |
| Negotiable Certificates of Deposit - Banks | 0             | 0             |
| Guaranteed Endowment Policies (sinking)    | 0             | 0             |
| Repurchase Agreements - Banks              | 0             | 0             |
| Municipal Bonds                            | 0             | 0             |
| Other                                      | 0             | 0             |
| <b>Municipality Total</b>                  | <b>18 076</b> | <b>21 914</b> |

Table 274: Municipal Investments

Witzenberg municipality need to increase the available investments in order to be financially more viable. This can only be achieved if the payment for rates and taxes improves.

The table below indicates the declaration of loans and grants made by the municipality for the 2012/13 financial year:

| All Organisation or Person in receipt of Loans/Grants provided by the municipality | Value 2012/13 R'000 | Total Amount budgeted for future years R'000 |
|--|---------------------|--|
| <b>Grants paid to:</b>   |                     |  |
| Ceres Togryers museum  | 23 000              | 75 000                                       |
| <b>Total:</b>  | <b>23 000</b>       | <b>75 000</b>                                |

Table 275: Declaration of Loans and Grants

## COMPONENT D: OTHER FINANCIAL MATTERS

### 5.14 SUPPLY CHAIN MANAGEMENT

Witzenberg municipality implemented policies and practices in compliance with the guidelines set down by the SCM Regulations 2005. No councillors are members of any committees handling Supply Chain processes.



## CHAPTER 5: FINANCIAL PERFORMANCE

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### 5.15 GRAP COMPLIANCE

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GRAP is the acronym for Generally Recognized Accounting Practice and it provides the accounting standards by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders.

As a low capacity municipality Witzenberg Municipality made use of the transitional provisions for the implementation of GRAP. This financial year Witzenberg Municipality had to comply fully with GRAP. The biggest challenge was the componentising (unbundling) of assets. The financial statements were not submitted on time as the componentised asset register was received late from the consultants, and some misstatements needed to be corrected.

The cost of compliance to the GRAP standards is a concern as it outweighs the benefits for the municipality. The asset register increased from ±15 000 items to ±37 000 items. Future depreciation charges on the deemed cost of assets and its effect on tariffs, must be carefully managed.



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# *Chapter 6*



*Auditor General Audit Findings*

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## CHAPTER 6: AUDITOR-GENERAL FINDINGS

### CHAPTER 6: AUDITOR GENERAL AUDIT FINDINGS

#### COMPONENT A: AUDITOR-GENERAL OPINION 2011/12

##### 6.1 AUDITOR GENERAL REPORTS 2011/12

The following table provide the details on the audit outcomes for the 2011/12 financial year with the correctives steps implemented:

| Auditor-General Report on Financial Performance 2011/12  |   |
|--|---|
| Status of the audit report:  | Unqualified with other matters  |
| Issue raised   | Corrective step implemented   |
| <u>Emphasis of matter:</u>   |   |
| <u>Significant uncertainties</u>   |   |
| With reference to note 50 to the financial statements, the municipality is engaged in litigation in five legal claims with an estimated financial exposure of R3 679 716 which could result in damage/cost being awarded against Council if the claimants are successful in their actions. The ultimate outcome of the matters cannot presently be determined, and no provision for any liability that may result has been made in the financial statements.   | The municipality is of the view that the claims have no reasonable prospect of success. It is also not required in terms of GRAP to create a provision for the possible liability |
| <u>Emphasis of matter:</u>   |   |
| <u>Restatement of corresponding figures</u>  |   |
| As disclosed in note 38 to the financial statements, the corresponding figures for 30 June 2011 have been restated as a result of errors discovered during the 2011-12 financial year in the financial statements of the Witzenberg Municipality at, and for the year ended, 30 June 2011.   | The restatement of the corresponding figures was necessitated by the full implementation of GRAP 17 on the componentising of assets   |
| <u>Emphasis of matter:</u>   |   |
| <u>Material losses</u>   |   |
| As disclosed in note 3 to the financial statements, the municipality had receivables from exchange transactions (consumer debtors) totalling R91 640 269 at 30 June 2012 (2010-11: R73 579 457).<br>A provision for impairment of R59 991 407 has been made against the debtors balance for doubtful debts (2010-11: R39 795 692) at 30 June 2012.<br>As disclosed in note 4 to the financial statements, the municipality had receivables from non-exchange transactions (rates and other receivables) totalling R12 567 949 at 30 June 2012 (2010-11: R12 003 815). A provision for impairment of R9 857 556 has been made against the debtors balance for doubtful debts (2010-11: R9 069 481) at 30 June 2012. | The indigent and credit control policies were amended in an effort to reduce bad debt.  |
| <u>Emphasis of matter:</u>   |   |
| <u>Material under spending of the capital budget</u>   |   |



## CHAPTER 6: AUDITOR-GENERAL FINDINGS

| Auditor-General Report on Financial Performance 2011/12   |   |
|---|---|
| Status of the audit report:   | Unqualified with other matters  |
| Issue raised  | Corrective step implemented   |
| As disclosed in note 42.3 to the financial statements, the municipality has materially underspent on the capital budget by R5 949 264 (8%). As a consequence, the municipality has not completed all its planned projects, mainly in respect of civil services and public safety. | Management will improve the monitoring and review process to ensure that under spending on the capital budget is reduced. |

Table 276: 2012/13 Detail on audit outcomes

### 6.2 AUDITOR GENERAL REPORT 2012/13

The following table provide the details on the audit outcomes for the 2012/13 financial year with the correctives steps implemented:

| Auditor-General Report on Financial Performance 2012/13  |   |
|--|---|
| Status of the audit report:  | Unqualified   |
| 2012/13  |   |
| Issue raised   | Corrective step implemented   |
| Emphasis of matter:  |   |
| Significant uncertainties  |   |
| With reference to note 51 to the financial statements, the municipality is engaged in litigation in seven legal claims with an estimated financial exposure of R8 118 660 (2011-12: R3 679 716) which could result in damages/costs being awarded against Council if the claimants are successful in their actions. The ultimate outcome of the matters cannot be determined at present, and no provision for any liability that may result has been made in the financial statements. | The municipality is of the view that the claims have no reasonable prospect of success. Some of the cases were submitted to the municipality's insurance broker. The chance that any amount might be payable by the municipality is remote. It is also not required in terms of GRAP to create a provision for the possible liability |
| Emphasis of matter:  |   |
| Material losses  |   |
| As disclosed in note 3 to the financial statements, the municipality had receivables from exchange transactions (consumer debtors) totalling R114 377 545 at 30 June 2013 (2011-12: R91 640 269). A provision for impairment of R80 738 124 (2011-12: R59 991 408) has been made against the debtors balance for doubtful debts at 30 June 2013.   | A new service provider has been appointed for debt collection as from 1 October 2013.   |
| As disclosed in note 4 to the financial statements, the municipality had receivables from non-exchange transactions (rates and other receivables) totalling R16 754 646 at 30 June 2013 (2011-12: R12 567 949). A provision for impairment of R12 594 725 (2011-12: R9 857 556) has been made against the debtors balance for doubtful debts at 30 June 2013.  |   |
| As disclosed in note 44.3 to the financial statements, water distribution losses for the municipality totalled 21.45% (R765 011) for the year ended 30 June 2013 compared to 31.6% (R1 525 167) for the year ended 30 June 2012.   | Steps implemented to reduce water losses seems to be effective. These must be continued to further improve the percentage of water lost   |



## CHAPTER 6: AUDITOR-GENERAL FINDINGS

| Auditor-General Report on Financial Performance 2012/13   |   |
|---|---|
| Status of the audit report:   | Unqualified   |
| 2012/13   |   |
| Issue raised  | Corrective step implemented   |
| As disclosed in note 44.3 to the financial statements, electricity distribution losses for the municipality totalled 8.37% (R9 889 673) for the year ended 30 June 2013 compared to 8.54% (R8 755 780) for the year ended 30 June 2012. | The electricity losses are within acceptable norms. The prepaid electricity meters are replaced with split meters in instances where illegal consumption are suspected. It is more difficult to tamper with the split meters. |

Table 277: 2012/13 Detail on audit outcomes

### Comments on Auditor-General's Opinion 2012/13:

Witzenberg Municipality received a clean audit report from the Auditor-General of South Africa for the past financial year 2012/2013. This is the first year that this recognition accrues to the municipality and indicates to the residents of Witzenberg that the municipality is well managed and committed to provide a good service to the community.

A clean audit entails that

- the financial statements present fairly, in all material respects, the financial position of the Witzenberg Municipality as at 30 June 2013, and its financial performance, cash flows and the comparison of budget and actual amounts for the year then ended, in accordance with South African Standards of GRAP and the requirements of the Municipal Financial Management Act and the Division of Revenue Act;
- there were no material findings on the annual performance report concerning the usefulness and reliability of the information; and
- that the Auditor-General of South Africa did not identify any instances of material non-compliance with specific matters in key applicable laws and regulations as set out in the General Notice issued in terms of the Public Audit Act.

### Comments on MFMA Section 71 Responsibilities:

Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year. The Chief Financial Officer states that these data sets have been returned according to the reporting requirements



## LIST OF ABBREVIATIONS

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### LIST OF ABBREVIATIONS

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|              |   |
|--------------|---|
| <b>AG</b>    | Auditor-General                                       |
| <b>CAPEX</b> | Capital Expenditure                                   |
| <b>CBP</b>   | Community Based Planning                              |
| <b>CFO</b>   | Chief Financial Officer                               |
| <b>DPLG</b>  | Department of Provincial and Local Government         |
| <b>DWAF</b>  | Department of Water Affairs and Forestry              |
| <b>EE</b>    | Employment Equity                                     |
| <b>GAMAP</b> | Generally Accepted Municipal Accounting Practice      |
| <b>GRAP</b>  | Generally Recognised Accounting Practice              |
| <b>HR</b>    | Human Resources                                       |
| <b>IDP</b>   | Integrated Development Plan                           |
| <b>IFRS</b>  | International Financial Reporting Standards           |
| <b>IMFO</b>  | Institute for Municipal Finance Officers              |
| <b>KPA</b>   | Key Performance Area                                  |
| <b>KPI</b>   | Key Performance Indicator                             |
| <b>LED</b>   | Local Economic Development                            |
| <b>MAYCO</b> | Executive Mayoral Committee                           |
| <b>MFMA</b>  | Municipal Finance Management Act (Act No. 56 of 2003) |
| <b>MMC</b>   | Member of the Mayoral Committee                       |
| <b>MIG</b>   | Municipal Infrastructure Grant                        |
| <b>MM</b>    | Municipal Manager                                     |
| <b>MMC</b>   | Member of Mayoral Committee                           |
| <b>MSA</b>   | Municipal Systems Act No. 32 of 2000                  |
| <b>MTECH</b> | Medium Term Expenditure Committee                     |
| <b>NGO</b>   | Non-governmental organisation                         |
| <b>NT</b>    | National Treasury                                     |

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## LIST OF ABBREVIATIONS

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|              |   |
|--------------|---|
| <b>OPEX</b>  | Operating expenditure                           |
| <b>PMS</b>   | Performance Management System                   |
| <b>PT</b>    | Provincial Treasury                             |
| <b>SALGA</b> | South African Local Government Organisation     |
| <b>SAMDI</b> | South African Management Development Institute  |
| <b>SCM</b>   | Supply Chain Management                         |
| <b>SDBIP</b> | Service Delivery and Budget Implementation Plan |
| <b>SDF</b>   | Spatial Development Framework                   |
| <b>PPP</b>   | Public Private Partnership                      |
| <b>MRF</b>   | Material Recovery Facilities                    |





ANNEXURE A: FINANCIAL STATEMENTS

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2013

# Annual Financial Statements

30 June 2013



H J Kritzingner - CFO  
WC022 – WITZENBERG MUNICIPALITY  
11/30/2013

Audited - Trim ref 05/03/1



# WITZENBERG MUNICIPALITY

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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# WITZENBERG MUNICIPALITY

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### GENERAL INFORMATION

#### NATURE OF BUSINESS

Witzenberg Municipality is a local municipality performing the functions as set out in Part B of Schedules 4 & 5 of the Constitution of the Republic of South Africa. (Act No. 108 of 1996)

#### COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

#### JURISDICTION

The Witzenberg Municipality includes the following areas:

*Ceres  
Op-die-Berg  
Prince Alfred's Hamlet  
Tulbagh  
Wolseley*

#### MUNICIPAL MANAGER

*D Nasson*

#### ACTING CHIEF FINANCIAL OFFICER

*HJ Kritznager*

#### REGISTERED OFFICE

*50 Voortrekker Street, Ceres, 6835*

#### AUDITORS

*Auditor-General South Africa*

#### PRINCIPAL BANKERS

*Standard Bank, Ceres*

#### RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)  
Division of Revenue Act  
The Income Tax Act  
Value Added Tax Act  
Municipal Structures Act (Act no 117 of 1998)  
Municipal Systems Act (Act no 32 of 2000)  
Municipal Planning and Performance Management Regulations  
Water Services Act (Act no 108 of 1997)  
Housing Act (Act no 107 of 1997)  
Municipal Property Rates Act (Act no 6 of 2004)  
Electricity Act (Act no 41 of 1987)  
Skills Development Levies Act (Act no 9 of 1999)  
Employment Equity Act (Act no 55 of 1998)  
Unemployment Insurance Act (Act no 30 of 1966)  
Basic Conditions of Employment Act (Act no 75 of 1997)  
Supply Chain Management Regulations, 2005  
Collective Agreements  
SALBC Leave Regulations

# WITZENBERG MUNICIPALITY

## MEMBERS OF THE WITZENBERG MUNICIPALITY

### COUNCILLORS

| Position                    | Surname        | Party       | Seat type |
|-----------------------------|----------------|-------------|-----------|
| Executive Mayor             | Klazen, JNED   | DCP         | PR 1      |
| Deputy Executive Mayor      | Adams, K       | Independent | Ward 6    |
| Speaker                     | Godden, TT     | COPE        | PR 1      |
| Member of Mayoral Committee | Louw, S        | DA          | PR 1      |
| Member of Mayoral Committee | Veschini, JA   | VIP         | PR 1      |
| Member of Mayoral Committee | Smit, HJ       | DA          | Ward 5    |
| Member of Mayoral Committee | Visagie, JJ    | DA          | Ward 4    |
| Ordinary Councillor         | Badela, R      | ANC         | Ward 12   |
| Ordinary Councillor         | Du Plessis, JJ | DA          | PR 3      |
| Ordinary Councillor         | Du Toit, MC    | ANC         | PR 1      |
| Ordinary Councillor         | Heradien, P    | DA          | Ward 7    |
| Ordinary Councillor         | Klaasen, BC    | DA          | PR 2      |
| Ordinary Councillor         | Mouton, JS     | ANC         | PR 2      |
| Ordinary Councillor         | Ndwanya, SM    | ANC         | PR 4      |
| Ordinary Councillor         | Phungula, JT   | ANC         | PR 3      |
| Ordinary Councillor         | Salmon, L      | ANC         | Ward 8    |
| Ordinary Councillor         | Saula, MI      | ANC         | Ward 1    |
| Ordinary Councillor         | Sidego, EM     | DA          | Ward 11   |
| Ordinary Councillor         | Simpson, RJ    | ANC         | Ward 9    |
| Ordinary Councillor         | Swart, D       | DA          | Ward 2    |
| Ordinary Councillor         | Chaaban, BJ    | NPP         | PR 1      |
| Ordinary Councillor         | Hanekom, WJ    | DA          | Ward 3    |
| Ordinary Councillor         | Waterboer, P   | DA          | Ward 10   |

### APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in the notes of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



D Nasson  
**Municipal Manager**

30 November 2013

Date

**WITZENBERG MUNICIPALITY**

**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013**

|  | <b>Notes</b> | <b>2013<br/>R</b>  | <b>2012<br/>R</b>  |
|--|--------------|--------------------|--------------------|
| <b>ASSETS</b>                                      |              |                    |                    |
| <b>Current Assets</b>                              |              | <b>92 096 073</b>  | <b>79 520 307</b>  |
| Cash and Cash Equivalents                          | 2            | 30 853 256         | 32 561 784         |
| Receivables from exchange transactions             | 3            | 33 639 421         | 31 648 861         |
| Receivables from non-exchange transactions         | 4            | 4 159 921          | 2 710 393          |
| Inventory  | 5            | 5 386 185          | 5 401 138          |
| Current Portion of Long-term Receivables           | 6            | 27 141             | 29 011             |
| Unpaid Conditional Government Grants and Receipts  | 7            | 15 678 100         | 5 599 933          |
| VAT Receivable (net)                               | 8            | 2 352 049          | 1 569 187          |
| Non-current assets held for sale                   | 9            | 2 884 238          | 2 884 238          |
| <b>Non-Current Assets</b>                          |              | <b>607 311 261</b> | <b>532 176 285</b> |
| Long-Term Receivables                              | 6            | 200 525            | 247 491            |
| Non-Current Investments                            | 10           | 105 062            | 105 062            |
| Property, Plant and Equipment                      | 11           | 554 871 877        | 480 467 195        |
| Intangible Assets                                  | 12           | 1 858 501          | 1 609 595          |
| Investment Property                                | 13           | 48 011 630         | 48 299 923         |
| Heritage assets                                    | 14           | 550 000            | 550 000            |
| Operating Lease Asset                              | 15           | 28 049             | 31 997             |
| Capitalised Restoration Cost                       | 16           | 1 685 617          | 865 022            |
| <b>Total Assets</b>                                |              | <b>702 291 572</b> | <b>614 580 830</b> |
| <b>LIABILITIES</b>                                 |              |                    |                    |
| <b>Current Liabilities</b>                         |              | <b>81 298 993</b>  | <b>81 219 143</b>  |
| Payables from exchange transactions                | 17           | 45 403 643         | 39 250 377         |
| Consumer Deposits                                  | 18           | 1 862 631          | 1 741 866          |
| Provisions   | 19           | 6 791 539          | 7 348 043          |
| Current Employee benefits                          | 20           | 12 526 114         | 11 392 476         |
| Unspent Conditional Government Grants and Receipts | 7            | 6 545 350          | 13 137 816         |
| Unspent Public Contributions                       | 21           | 624 664            | 699 642            |
| Current Portion of Long-term Liabilities           | 22           | 7 545 052          | 7 648 923          |
| <b>Non-Current Liabilities</b>                     |              | <b>106 264 102</b> | <b>109 518 913</b> |
| Long-term Liabilities                              | 22           | 32 335 486         | 37 626 852         |
| Non-Current Provisions                             | 23           | 16 774 616         | 14 209 553         |
| Employee benefits                                  | 24           | 57 154 000         | 57 682 508         |
| <b>Total Liabilities</b>                           |              | <b>187 563 095</b> | <b>190 738 056</b> |
| <b>Net Assets</b>                                  |              | <b>514 728 477</b> | <b>423 842 774</b> |
| Capital Replacement Reserve                        | 25           | 8 565 886          | 6 414 513          |
| Accumulated Surplus                                |              | 506 162 591        | 417 428 261        |
| <b>Total Net Assets and Liabilities</b>            |              | <b>702 291 572</b> | <b>614 580 830</b> |

**WITZENBERG MUNICIPALITY**

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013**

|   |       | 2013               | 2012               | 2012                        | 2012                          |
|---|-------|--------------------|--------------------|-----------------------------|-------------------------------|
|   | Notes | (Actual)<br>R      | (Restated)<br>R    | Correction<br>of error<br>R | (Previously<br>reported)<br>R |
| <b>REVENUE</b>  |       |                    |                    |                             |                               |
| <b>Revenue from Non-exchange Transactions</b>             |       | <b>192 522 607</b> | <b>152 744 154</b> | <b>-</b>                    | <b>152 744 154</b>            |
| <b>Taxation Revenue</b>                                   |       | <b>45 277 877</b>  | <b>38 666 814</b>  | <b>-</b>                    | <b>38 666 814</b>             |
| Property rates  | 26    | 44 230 471         | 37 624 624         | -                           | 37 624 624                    |
| Property Rates - penalties imposed and collection charges |       | 1 047 406          | 1 042 190          | -                           | 1 042 190                     |
| <b>Transfer Revenue</b>                                   |       | <b>147 244 730</b> | <b>114 077 340</b> | <b>-</b>                    | <b>114 077 340</b>            |
| Fines   |       | 760 499            | 897 473            | -                           | 897 473                       |
| Government Grants and Subsidies - Capital                 | 27    | 73 085 201         | 58 971 308         | -                           | 58 971 308                    |
| Government Grants and Subsidies - Operating               | 27    | 72 347 109         | 53 994 181         | -                           | 53 994 181                    |
| Public Contributions and Donations                        |       | 1 051 921          | 214 378            | -                           | 214 378                       |
| <b>Revenue from Exchange Transactions</b>                 |       | <b>228 913 600</b> | <b>200 014 201</b> | <b>-</b>                    | <b>200 014 201</b>            |
| Service Charges   | 28    | 207 843 497        | 180 073 921        | -                           | 180 073 921                   |
| Rental of Facilities and Equipment                        |       | 6 554 512          | 6 912 583          | -                           | 6 912 583                     |
| Interest Earned - external investments                    |       | 2 053 378          | 2 089 182          | -                           | 2 089 182                     |
| Interest Earned - outstanding debtors                     |       | 4 747 998          | 3 798 921          | -                           | 3 798 921                     |
| Licences and Permits                                      |       | 125 483            | 167 515            | -                           | 167 515                       |
| Agency Services   |       | 3 051 493          | 2 852 993          | -                           | 2 852 993                     |
| Other Income  | 29    | 4 536 790          | 4 115 917          | -                           | 4 115 917                     |
| Unamortised Discount - Interest                           |       | 449                | 3 169              | -                           | 3 169                         |
| <b>Total Revenue</b>                                      |       | <b>421 436 207</b> | <b>352 758 355</b> | <b>-</b>                    | <b>352 758 355</b>            |
| <b>EXPENDITURE</b>  |       |                    |                    |                             |                               |
| Employee related costs                                    | 30    | 96 930 354         | 89 301 596         | -                           | 89 301 596                    |
| Remuneration of Councillors                               | 31    | 6 932 325          | 6 638 931          | -                           | 6 638 931                     |
| Debt Impairment   | 32    | 19 722 706         | 20 637 333         | -                           | 20 637 333                    |
| Collection Costs  |       | 299 065            | 289 847            | -                           | 289 847                       |
| Depreciation and Amortisation                             | 33    | 13 995 677         | 12 499 763         | 38 500                      | 12 461 263                    |
| Repairs and Maintenance                                   |       | 13 523 782         | 14 205 850         | -                           | 14 205 850                    |
| Unamortised Discount - Interest paid                      |       | 1 821 743          | 1 728 738          | -                           | 1 728 738                     |
| Finance Charges   | 35    | 11 319 234         | 12 252 472         | 7 763                       | 12 244 709                    |
| Bulk Purchases  | 36    | 118 180 997        | 102 547 908        | -                           | 102 547 908                   |
| Contracted services                                       |       | 8 717 708          | 9 576 007          | -                           | 9 576 007                     |
| Grants and Subsidies                                      | 37    | 767 362            | 793 804            | -                           | 793 804                       |
| Operating Grant Expenditure                               |       | 13 247 855         | 3 189 052          | (80 126)                    | 3 269 178                     |
| General Expenses  | 38    | 31 380 075         | 26 241 159         | 80 126                      | 26 161 033                    |
| <b>Total Expenditure</b>                                  |       | <b>336 838 883</b> | <b>299 902 460</b> | <b>46 263</b>               | <b>299 856 197</b>            |
| Gain / (loss) on disposal of assets                       |       | 2 500              | (274 033)          | -                           | (274 033)                     |
| (Impairment loss)   | 34    | (449 054)          | (242)              | -                           | (242)                         |
| Gain on Adjustment of Provision                           |       | 598 555            | 355 502            | 355 502                     | -                             |
| Inventories: (Write-down) / Reversal of write-down        |       | (1 728)            | 9 326              | -                           | 9 326                         |
| Gain / (loss) on Actuarial Valuations                     | 24    | 6 138 104          | (291 917)          | -                           | (291 917)                     |
| <b>NET SURPLUS FOR THE YEAR</b>                           |       | <b>90 885 701</b>  | <b>52 654 531</b>  | <b>309 239</b>              | <b>52 345 292</b>             |

**WITZENBERG MUNICIPALITY**

**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2013**

|   | Notes       | Capital<br>Replacement<br>Reserve | Accumulated<br>Surplus/(Deficit) | Total              |
|---|-------------|-----------------------------------|----------------------------------|--------------------|
|   |             | R                                 | R                                | R                  |
| <b>Balance at 1 JULY 2011</b>               |             | <b>5 568 197</b>                  | <b>365 717 810</b>               | <b>371 286 006</b> |
| Correction of error                         | <b>39.6</b> | -                                 | (97 762)                         | (97 762)           |
| <b>Restated Balance at 1 JULY 2011</b>      |             | <b>5 568 197</b>                  | <b>365 620 048</b>               | <b>371 188 244</b> |
| Contribution to Capital Replacement Reserve |             | 10 186 322                        | (10 186 322)                     | -                  |
| Property, Plant and Equipment purchased     |             | (9 340 005)                       | 9 340 005                        | -                  |
| Net Surplus for the year                    |             | -                                 | 52 654 531                       | 52 654 531         |
| <b>Balance at 30 JUNE 2012</b>              |             | <b>6 414 514</b>                  | <b>417 428 262</b>               | <b>423 842 775</b> |
| Contribution to Capital Replacement Reserve |             | 15 672 599                        | (15 672 599)                     | -                  |
| Property, Plant and Equipment purchased     |             | (13 521 227)                      | 13 521 227                       | -                  |
| Net Surplus for the year                    |             | -                                 | 90 885 701                       | 90 885 701         |
| <b>Balance at 30 JUNE 2013</b>              |             | <b>8 565 886</b>                  | <b>506 162 591</b>               | <b>514 728 476</b> |



# WITZENBERG MUNICIPALITY

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

|   | Notes     | 30 JUNE 2013<br>R   | 30 JUNE 2012<br>R   |
|---|-----------|---------------------|---------------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                  |           |                     |                     |
| <b>Receipts</b>   |           |                     |                     |
| Taxation  | 40        | 40 858 607          | 36 484 655          |
| Sales of goods and services                                 |           | 210 443 550         | 178 589 811         |
| Government Grants   |           | 128 518 466         | 111 604 065         |
| Interest  |           | 7 848 782           | 6 930 293           |
| <b>Payments</b>   |           |                     |                     |
| Employee costs  |           | (90 187 122)        | (83 597 268)        |
| Suppliers   |           | (192 060 284)       | (151 270 343)       |
| Finance charges   | 35        | (11 319 234)        | (12 252 472)        |
| Transfers and Grants  |           | (767 362)           | (793 804)           |
| <b>Cash generated by operations</b>                         | <b>40</b> | <b>93 335 404</b>   | <b>85 694 937</b>   |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                  |           |                     |                     |
| Purchase of Property, Plant and Equipment                   | 11        | (87 124 310)        | (67 945 872)        |
| Purchase of Intangible Assets                               |           | (885 195)           | (390 527)           |
| Proceeds on Disposal of Fixed Assets                        |           | 12 500              | 868 678             |
| Increase/(Decrease) in Long-term Receivables                | 6         | 48 836              | (117 938)           |
| <b>Net Cash from Investing Activities</b>                   |           | <b>(87 948 169)</b> | <b>(67 585 660)</b> |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                  |           |                     |                     |
| Loans repaid  |           | (7 216 529)         | (7 472 308)         |
| Increase in Consumer Deposits                               |           | 120 765             | 50 724              |
| <b>Net Cash from Financing Activities</b>                   |           | <b>(7 095 764)</b>  | <b>(7 421 584)</b>  |
| <b>NET INCREASE/(DECREASE IN CASH AND CASH EQUIVALENTS)</b> |           | <b>(1 708 529)</b>  | <b>10 687 693</b>   |
| Cash and Cash Equivalents at the beginning of the year      |           | 32 561 785          | 21 874 092          |
| Cash and Cash Equivalents at the end of the year            | 2         | 30 853 256          | 32 561 785          |
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b> |           | <b>(1 708 529)</b>  | <b>10 687 693</b>   |

**WITZENBERG MUNICIPALITY**

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED**

|   | Actual 2013<br>R   | Approved<br>budget 2013<br>R | Adjustments<br>2013<br>R | Final budget<br>2013<br>R | Difference<br>between final<br>budget and<br>actual | Actual 2012<br>R   |
|---|--------------------|------------------------------|--------------------------|---------------------------|---|--------------------|
| <b>Operating Revenue</b>                                  |                    |                              |                          |                           |   |                    |
| Property rates  | 44 230 471         | 43 882 168                   | 496 077                  | 44 378 245                | -0.3%   | 37 624 624         |
| Property Rates - penalties imposed and collection charges | 1 047 406          | 729 000                      | -                        | 729 000                   | 43.7%   | 1 042 190          |
| Fines   | 760 499            | 2 168 800                    | -                        | 2 168 800                 | -64.9%  | 897 473            |
| Government Grants and Subsidies - Capital                 | 73 085 201         | 62 001 428                   | 12 821 890               | 74 823 318                | -2.3%   | 58 971 308         |
| Government Grants and Subsidies - Operating               | 72 347 109         | 76 178 275                   | 4 531 353                | 80 709 628                | -10.4%  | 53 994 181         |
| Public Contributions and Donations                        | 1 051 921          | -                            | 16 200                   | 16 200                    | 6393.3%   | 214 378            |
| Service Charges   | 207 843 497        | 208 306 789                  | 6 632 665                | 214 939 454               | -3.3%   | 180 073 921        |
| Rental of Facilities and Equipment                        | 6 554 512          | 7 749 090                    | -                        | 7 749 090                 | -15.4%  | 6 912 583          |
| Interest Earned - external investments                    | 2 053 378          | 1 957 280                    | -                        | 1 957 280                 | 4.9%  | 2 089 182          |
| Interest Earned - outstanding debtors                     | 4 747 998          | 4 139 060                    | -                        | 4 139 060                 | 14.7%   | 3 798 921          |
| Licences and Permits                                      | 125 483            | 244 180                      | -                        | 244 180                   | -48.6%  | 167 515            |
| Agency Services   | 3 051 493          | 2 864 260                    | -                        | 2 864 260                 | 6.5%  | 2 852 993          |
| Other Income  | 4 536 790          | 3 393 513                    | 21 257                   | 3 414 770                 | 32.9%   | 4 115 917          |
| Unamortised Discount - Interest                           | 449                | -                            | -                        | -                         |   | 3 169              |
| <b>Total revenue</b>                                      | <b>421 436 207</b> | <b>413 613 843</b>           | <b>24 519 442</b>        | <b>438 133 285</b>        | <b>3.8%</b>   | <b>352 758 355</b> |
| <b>Operating Expenses</b>                                 |                    |                              |                          |                           |   |                    |
| Employee related costs                                    | 96 930 354         | 100 399 121                  | 65 080                   | 100 464 201               | 3.5%  | 89 301 596         |
| Remuneration of Councillors                               | 6 932 325          | 7 091 230                    | -                        | 7 091 230                 | 2.2%  | 6 638 931          |
| Debt Impairment   | 19 722 706         | 11 962 280                   | 2 000 000                | 13 962 280                | -41.3%  | 20 637 333         |
| Collection Costs  | 299 065            | 677 930                      | (198 000)                | 479 930                   | 37.7%   | 289 847            |
| Depreciation and Amortisation                             | 13 995 677         | 18 623 342                   | -                        | 18 623 342                | 24.8%   | 12 499 763         |
| Repairs and Maintenance                                   | 13 523 782         | 14 202 082                   | 651 232                  | 14 853 314                | 9.0%  | 14 205 850         |
| Unamortised Discount - Interest paid                      | 1 821 743          | 1 814 212                    | -                        | 1 814 212                 | -0.4%   | 1 728 738          |
| Finance Charges   | 11 319 234         | 15 663 420                   | (1 046 280)              | 14 617 140                | 22.6%   | 12 252 472         |
| Bulk Purchases  | 118 180 997        | 118 259 148                  | 4 000 000                | 122 259 148               | 3.3%  | 102 547 908        |
| Contracted services                                       | 8 717 708          | 9 128 340                    | 802 069                  | 9 930 409                 | 12.2%   | 9 576 007          |
| Grants and Subsidies                                      | 767 362            | 760 820                      | (19 000)                 | 741 820                   | -3.4%   | 793 804            |
| Operating Grant Expenditure                               | 13 247 855         | 14 161 704                   | 7 099 092                | 21 260 796                | 37.7%   | 3 189 052          |
| Other expenses  | 25 091 698         | 34 104 814                   | 1 204 426                | 35 309 240                | 28.9%   | 26 442 523         |
| <b>Total expenses</b>                                     | <b>330 550 506</b> | <b>346 848 443</b>           | <b>14 558 619</b>        | <b>361 407 062</b>        | <b>8.5%</b>   | <b>300 103 824</b> |
| <b>Surplus/(deficit) for the period</b>                   | <b>90 885 701</b>  | <b>66 765 400</b>            | <b>9 960 823</b>         | <b>76 726 223</b>         | <b>-18.5%</b>                                       | <b>52 654 531</b>  |
| <b>Capital expenditure by vote</b>                        |                    |                              |                          |                           |   |                    |
| Budget & Treasury Office                                  | 438                | -                            | 500                      | 500                       | 12.4%   | 54 416             |
| Civil Services  | 73 427 013         | 55 472 969                   | 19 201 432               | 74 674 401                | 1.7%  | 56 628 393         |
| Community & Social Services                               | 429 789            | 2 280 015                    | (1 681 113)              | 598 902                   | 28.2%   | 740 785            |
| Corporate Services  | 1 900 726          | 2 168 000                    | (20 558)                 | 2 147 442                 | 11.5%   | 979 347            |
| Electro Technical Services                                | 3 182 147          | 3 936 750                    | (566 776)                | 3 369 974                 | 5.6%  | 3 628 139          |
| Executive & Council                                       | -                  | -                            | -                        | -                         |   | 56 535             |
| Housing   | 1 481              | -                            | 1 733                    | 1 733                     | 14.5%   | 5 813              |
| Planning  | -                  | -                            | -                        | -                         |   | 10 190             |
| Public Safety   | 1 459 238          | 1 193 678                    | 313 339                  | 1 507 017                 | 3.2%  | 1 208 667          |
| Sport & Recreation  | 6 916 859          | 9 891 183                    | (1 878 287)              | 8 012 896                 | 13.7%   | 4 885 898          |
| <b>Total capital expenditure</b>                          | <b>87 317 691</b>  | <b>74 942 595</b>            | <b>15 370 270</b>        | <b>90 312 865</b>         |   | <b>68 198 183</b>  |

The budget is approved on an accrual basis by vote classification as required by the Municipal Finance Management Act. The basis used for this comparison is by nature classification as required by General Recognised Accounting Practices. The approved budget covers the same period as the financial statements, from 1 July to 30 June.

The budget and accounting bases are the same; both are on the accrual basis. The financial statements are prepared using a classification on the nature of expenses in the statement of financial performance.

Please refer to Note 43 for more information on budget comparisons.

## 1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

### 1.1. BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The standards are summarised as follows:

|                |   |
|----------------|---|
| GRAP 1         | Presentation of Financial Statements                            |
| GRAP 2         | Cash Flow Statements  |
| GRAP 3         | Accounting Policies, Changes in Accounting Estimates and Errors |
| GRAP 4         | The Effects of changes in Foreign Exchange Rates                |
| GRAP 5         | Borrowing Costs   |
| GRAP 6         | Consolidated and Separate Financial Statements                  |
| GRAP 7         | Investments in Associates                                       |
| GRAP 8         | Interests in Joint Ventures                                     |
| GRAP 9         | Revenue from Exchange Transactions                              |
| GRAP 10        | Financial Reporting in Hyperinflationary Economics              |
| GRAP 11        | Construction Contracts  |
| GRAP 12        | Inventories   |
| GRAP 13        | Leases  |
| GRAP 14        | Events after the reporting date                                 |
| GRAP 16        | Investment Property   |
| GRAP 17        | Property, Plant and Equipment                                   |
| GRAP 19        | Provisions, Contingent Liabilities and Contingent Assets        |
| GRAP 21        | Impairment of non-cash-generating assets                        |
| GRAP 23        | Revenue from Non-Exchange Transactions                          |
| GRAP 24        | Presentation of Budget Information                              |
| GRAP 26        | Impairment of cash-generating assets                            |
| GRAP 100       | Non-current Assets held for Sale and Discontinued Operations    |
| GRAP 101       | Agriculture   |
| GRAP 102       | Intangible assets   |
| GRAP 103       | Heritage Assets   |
| GRAP 104       | Financial Instruments   |
| IPSAS 20       | Related Party Disclosure  |
| IFRS 3 (AC140) | Business Combinations   |
| IFRS 4 (AC141) | Insurance Contracts   |
| IFRS 6 (AC143) | Exploration for and Evaluation of Mineral Resources             |

WITZENBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

|                           |  |
|---------------------------|--|
| IAS 12 (AC102)            | Income Taxes   |
| SIC – 21 (AC421)          | Income Taxes – Recovery of Revaluated Non-Depreciable Assets                             |
| SIC – 25 (AC425)          | Income Taxes – Changes in the Tax Status on an Entity or its Shareholders                |
| SIC – 29 (AC429)          | Service Concessions Arrangements – Disclosures   |
| IFRIC 2 (AC435)           | Members' Shares in Co-operative Entities and Similar Instruments                         |
| IFRIC 4 (AC437)           | Determining whether an Arrangement contains a Lease                                      |
| IFRIC 9 (AC442)           | Reassessment of Embedded Derivatives   |
| IFRIC 12 (AC445)          | Service Concession Arrangements  |
| IFRIC 13 (AC446)          | Customer Loyalty Programmes  |
| IFRIC 14 (AC447)<br>IAS19 | The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction |
| IFRIC 15 (AC448)          | Agreements for the Construction of Real Estate   |
| IFRIC 16(AC449)           | Hedges in a Net Investment in a Foreign Operation  |

The Municipality resolved to formulate an accounting policy based on the following GRAP standards which have been issued but are not effective yet.

| Standard | Description       | Effective Date |
|----------|-------------------|----------------|
| GRAP 25  | Employee Benefits | 1 April 2013   |

The impact of the accounting policy based on the above GRAP standards on the financial statements is minimal.

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

## 1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. No financial values are given in an abbreviated display format. No foreign exchange transactions are included in the statements.

## 1.3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

## 1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

## 1.5. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding

circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. In general, materiality is determined as 1% of total expenditure.

#### 1.6. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality:

| Standard | Description   | Effective Date |
|----------|---|----------------|
| GRAP 18  | <b>Segment Reporting</b><br>Information to a large extent is already included in the notes to the annual financial statements.  | Unknown        |
| GRAP 24  | <b>Presentation of Budget Information in Financial Statements</b><br>Information to a large extent is already included in the notes to the annual financial statements.             | 1 April 2012   |
| GRAP 25  | <b>Employee Benefits</b><br>Information to a large extent is already included in the notes to the annual financial statements.  | 1 April 2013   |
| GRAP 105 | <b>Transfer of Functions Between Entities Under Common Control</b><br>No significant impact is expected as the Municipality does not participate in such business transactions.     | Unknown        |
| GRAP 106 | <b>Transfer of Functions Between Entities Not Under Common Control</b><br>No significant impact is expected as the Municipality does not participate in such business transactions. | Unknown        |
| GRAP 107 | <b>Mergers</b><br>No significant impact is expected as the Municipality does not participate in such business transactions.   | Unknown        |

#### 1.7. RESERVES

##### *Capital Replacement Reserve (CRR)*

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus / (deficit) to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus / (Deficit) are credited by a corresponding amount when the amounts in the CRR are utilized.

#### 1.8. LEASES

##### *1.8.1. Municipality as Lessee*

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease.

**1.8.2. Municipality as Lessor**

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease.

**1.9. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

**1.10. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Economic Entity has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

The following provisions are set for the creation and utilisation of the grant is receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

**1.11. PROVISIONS****1.11.1. GENERAL PROVISIONS**

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is possible that an outflow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is possible.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function and approximate number of employees who will be compensated for terminating their services;

- the expenditures that will be undertaken; and
- when the plan will be implemented.

- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

Provisions shall be reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision shall be reversed.

#### 1.11.2. REHABILITATION OF LANDFILL SITES PROVISIONS

Provision is made in terms of the licensing stipulations of the landfill sites, for the estimated cost of rehabilitating waste sites. The provision has been determined on the basis of a recent independent study. The cost factors derived from the study by a firm of consulting engineers have discounted to present value at prime interest rate less 4%. The dates of total closure and rehabilitation are uncertain, but are currently expected to be between 2012 and 2015.

### 1.12. EMPLOYEE BENEFITS

#### 1.12.1. Post-Retirement Medical obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

#### 1.12.2. Long Service awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

#### 1.12.3. Accrued Leave Pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

#### 1.12.4. Staff Bonuses

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

#### 1.12.5. Performance bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is maintained. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

**1.12.6. Pension and retirement fund obligations**

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. Defined benefit plans are post-employment benefit plans other than defined contribution plans. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

**1.12.7. Ex gratia Gratuities**

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

**1.13. PROPERTY, PLANT AND EQUIPMENT****1.13.1. Initial Recognition**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

**1.13.2. Subsequent Measurement – Cost Model**

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

**1.13.3. Depreciation and Impairment**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:



## WITZENBERG MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

|                             | Years  |                         | Years  |
|-----------------------------|--------|-------------------------|--------|
| <b>Infrastructure</b>       |        | <b>Other</b>            |        |
| Roads and Paving            | 5-100  | Airports                | 20     |
| Electricity                 | 4-46   | Buildings               | 30-100 |
| Water                       | 15-150 | Computer equipment      | 3-30   |
| Sanitation                  | 15-60  | Furniture and equipment | 5-30   |
| Other                       | 10-15  | Landfill sites          | 9-24   |
|                             |        | Markets                 | 30     |
| <b>Community</b>            |        | Other                   | 3-30   |
| Recreational Facilities     | 10-30  | Other vehicles          | 5-67   |
| Sport fields & Stadia       | 10-20  | Plant and Equipment     | 5-32   |
| Halls                       | 5-97   | Specialist vehicles     | 7-38   |
| Libraries                   | 10-30  |                         |        |
| Parks and gardens           | 10     |                         |        |
| Other assets                | 5-30   |                         |        |
| Cemeteries                  | 5-30   |                         |        |
|                             |        |                         |        |
| <b>Finance lease assets</b> |        |                         |        |
| Office equipment            | 4      |                         |        |
|                             |        |                         |        |
|                             |        |                         |        |

The actual useful lives used for depreciation purposes may vary from the above information as the remaining useful lives of assets are reviewed annually.

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

#### 1.13.4. De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

#### 1.13.5. Land and Buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional arrangement as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The municipality updated the Land and Buildings acquired before 30 June 2008 to the fair value as determined by an independent valuator. For Other Assets the depreciation replacement cost method was used to establish the deemed cost as on 1 July 2008.

### 1.14. INTANGIBLE ASSETS

#### 1.14.1. Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiable criterion in the definition of an intangible asset when it:

is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or  
arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

the municipality intends to complete the intangible asset for use or sale;  
 it is technically feasible to complete the intangible asset;  
 the municipality has the resources to complete the project; and  
 it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

#### **1.14.2. Subsequent Measurement – Cost Model**

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

#### **1.14.3. Amortisation and Impairment**

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

| <b>Intangible Assets</b>   | <b>Years</b> |
|----------------------------|--------------|
| Computer Software          | 5            |
| Computer Software Licenses | 5            |

The actual useful lives used for depreciation purposes may vary from the above information as the remaining useful lives of assets are reviewed annually.

#### **1.14.4. De-recognition**

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

### **1.15. INVESTMENT PROPERTY**

#### **1.15.1. Initial Recognition**

Investment property shall be recognised as an asset when and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an

investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

The cost of self-constructed investment property is the cost at date of completion.

#### **1.15.2. Subsequent Measurement – Cost Model**

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

#### **1.15.3. Depreciation and Impairment**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

| <u>Investment Property</u> | <u>Years</u> |
|----------------------------|--------------|
| Buildings                  | 99 - 100     |

The actual useful lives used for depreciation purposes may vary from the above information as the remaining useful lives of assets are reviewed annually.

#### **1.15.4. De-recognition**

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

### **1.16. HERITAGE ASSETS**

#### **1.16.1. Initial Recognition**

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

A heritage asset shall be recognised as an asset if, and only if:

- it is probable that future economic benefits or service potential associated with the asset will flow to the entity, and
- the cost or fair value of the asset can be measured reliably.

An asset that has met the recognition requirement criteria for heritage assets shall be measured at its cost if such an asset has been acquired through an exchange transaction.

Where a heritage asset has been acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

#### **1.16.2. Subsequent Measurement**

Heritage assets are not depreciated based on their nature however the municipality assesses at each reporting date whether there is a need for impairment.

The class of heritage assets are carried at its cost less any accumulated impairment losses.

#### **1.16.3. Impairment**

Where the carrying amount of an item of heritage asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Where items of heritage asset have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

#### **1.16.4. De-recognition**

The carrying amount of a heritage asset is derecognised:

- on disposal, or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from derecognition of a heritage asset shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

### **1.17. IMPAIRMENT OF NON-FINANCIAL ASSETS**

#### **1.17.1. Cash-generating assets**

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

#### **1.17.2. Non-cash-generating assets**

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

*Depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

#### **1.18. COMMITMENTS**

Commitments are future payments and expenditure to be incurred on contracts that have been entered into at the reporting date and where there are unperformed obligations. The commitments would include both capital and operating items.

Committed expenditure approved and contracted for at reporting date is where the expenditure has been approved and the contract has been awarded.

Committed expenditure approved but not yet contracted for at reporting date is where the expenditure has been approved but the contract has yet to be awarded or is awaiting finalisation.

#### **1.19. INVENTORIES**

##### ***1.19.1. Initial Recognition***

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

The cost of purified water comprises cost of conversion and other cost incurred in bringing the inventory to their present location and condition.

##### ***1.19.2. Subsequent Measurement***

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

Cost of land held for sale is assigned by using specific identification of their individual costs.

#### **1.20. BORROWING COSTS**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

#### **1.21. FINANCIAL INSTRUMENTS**

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange transactions and non-exchange transactions).

##### ***1.21.1. Initial Recognition***

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability

#### **1.21.2. Subsequent Measurement**

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

##### **1.21.2.1. Receivables**

Receivables are classified as loans and receivables, and are subsequently measured amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

##### **1.21.2.2. Payables and Annuity Loans**

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

##### **1.21.2.3. Cash and Cash Equivalents**

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

##### **1.21.2.4. Non-Current Investments**

Financial instruments, which include, investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

**1.21.3. De-recognition of Financial Instruments****1.21.3.1. Financial Assets**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

the rights to receive cash flows from the asset have expired; or  
 the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

**1.21.3.2. Financial Liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

**1.21.4. Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

**1.22. REVENUE****1.22.1. Revenue from Non-Exchange Transactions**

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses. Revenue from spot fines and summonses is recognised based on an estimation of future collections of fines issued based on prior period trends and collection percentages.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue shall be measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

#### **1.22.2. Revenue from Exchange Transactions**

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered/ goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter vouchers is recognised eight days after the sale of the relevant voucher.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue shall be measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

The prevailing rate for a similar instrument of an issuer with a similar credit rating; or

A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred.

When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.



**1.22.3. Grants, Transfers and Donations (Non-Exchange Revenue)**

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

**1.23. RELATED PARTIES**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

Related parties include:

- Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the reporting entity;
- Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;
- Key management personnel, and close members of the family of key management personnel; and
- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in the 2<sup>nd</sup> and 3<sup>rd</sup> bullet, or over which such a person is able to exercise significant influence.

Key management personnel include:

- All directors or members of the governing body of the entity, being the Executive Mayor, Deputy Mayor, Speaker, members of the Mayoral Committee and ordinary councillors.
- Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting entity being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

**1.24. UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.25. IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.26. FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.27. CONTINGENT LIABILITIES**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Management judgement is required when recognising and measuring contingent liabilities.

**1.28. PRESENTATION OF BUDGET INFORMATION**

The annual budget figures have been presented in accordance with the GRAP reporting framework. A separate statement of comparison of budget and actual amounts, which forms part of the annual financial statements, has been prepared. The comparison of budget and actual amount will be presented on the same accounting basis, same classification basis and for the same entity and period as for the approved budget. The budget of the municipality is taken for a stakeholder consultative process and upon approval the approved budget is made publicly available.

Material differences in terms of the basis, timing or entity have been disclosed in the notes to the annual financial statements.

#### 1.29. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

##### *Post-retirement medical obligations and Long service awards*

The cost of post-retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

##### *Impairment of Receivables*

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

##### *Provisions and contingent liabilities*

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

##### *Revenue Recognition*

Accounting Policy 1.22.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.22.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

#### 1.30. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

#### 1.31. JOINT VENTURES

In respect of the municipalities' interest in jointly controlled assets, the municipality includes in its accounting records and recognises in its financial statements:

- its share of the jointly controlled assets, classified according to the nature of the assets;
- any liabilities that it has incurred;
- its share of any liabilities incurred jointly with other ventures in relation to the joint venture;
- any revenue from the sale or use of its share of the output of the joint venture, together with its share of any expenses incurred by the joint venture; and
- any expenses that it has incurred in respect of its interest in the joint venture.

#### 1.32. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

| <b>2</b> | <b>CASH AND CASH EQUIVALENTS</b>   | <b>2013<br/>R</b>  | <b>2012<br/>R</b> |
|----------|--|--------------------|-------------------|
|          | <b><u>Assets</u></b>   |                    |                   |
|          | Call Investments Deposits  | 21 913 574         | 18 076 435        |
|          | Bank Accounts  | 8 931 456          | 14 476 952        |
|          | Cash Floats  | 8 226              | 8 397             |
|          | <b>Total Cash and Cash Equivalents - Assets</b>  | <b>30 853 256</b>  | <b>32 561 784</b> |
|          | Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.   |                    |                   |
|          | The municipality has the following bank accounts:  |                    |                   |
|          | Cash book balance at beginning of year   | 14 476 952         | 10 252 347        |
|          | Cash book balance at end of year   | 8 931 456          | 14 476 952        |
|          | The municipality changed it's Primary Bank Account from ABSA Bank Limited to The Standard Bank of South Africa Limited on 1 March 2013. The ABSA account has not been closed at year end as some debtors still pay their service accounts into the old account.                            |                    |                   |
|          | <b>Primary Bank Account: Standard Bank - Account Number 203241819</b>  |                    |                   |
|          | Bank statement balance at beginning of year  | -                  |                   |
|          | Bank statement balance at end of year  | 12 855 343         |                   |
|          | <b>ABSA Bank Limited - Account Number 350000011</b>  |                    |                   |
|          | Bank statement balance at beginning of year  | 16 461 234         | 12 518 038        |
|          | Bank statement balance at end of year  | 164 567            | 16 461 234        |
|          | <b><u>Call Investment Deposits</u></b>   |                    |                   |
|          | Call investment deposits consist of the following accounts:  |                    |                   |
|          | ABSA Bank Ltd - Account Number 9184483785  | 1 094 641          | 5 783 801         |
|          | First Rand Bank - Account Number 62192709164   | 63 995             | 61 437            |
|          | Nedbank Ltd - Account Number 03/7881032766/30  | 10 130 630         | 8 033 863         |
|          | Standard Bank of SA Ltd - Account Number 088779831-008   | 10 624 309         | 4 197 335         |
|          |  | 21 913 574         | 18 076 435        |
| <b>3</b> | <b>RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>  |                    |                   |
|          | Electricity  | 28 334 228         | 25 287 370        |
|          | Water  | 39 770 496         | 30 531 591        |
|          | Housing Rentals  | 1 732 028          | 1 421 901         |
|          | Refuse   | 23 188 758         | 18 111 213        |
|          | Sewerage   | 19 453 910         | 14 576 064        |
|          | Other  | 1 898 125          | 1 712 130         |
|          | <b>Total Receivables from Exchange Transactions</b>  | <b>114 377 545</b> | <b>91 640 269</b> |
|          | Less: Provision for Impairment   | (80 738 124)       | (59 991 408)      |
|          | <b>Total Net Receivables from Exchange Transactions</b>  | <b>33 639 421</b>  | <b>31 648 861</b> |
|          | Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary. |                    |                   |
|          | Included in receivables is the following accrued income (estimated consumption from the last meter reading to 30 June):  |                    |                   |
|          | Accrued Income Electricity   | 12 824 898         | 11 262 252        |
|          | Accrued Income Water   | 2 693 795          | 2 405 394         |
|          | <b>Ageing of Receivables from Exchange Transactions:</b>   |                    |                   |
|          | <b><u>(Electricity): Ageing</u></b>  |                    |                   |
|          | Accrued Income Electricity   | 12 824 898         | 11 262 252        |
|          | Current (0 - 30 days)  | 11 354 395         | 10 076 361        |
|          | 31 - 60 Days   | 567 272            | 563 160           |
|          | 61 - 90 Days   | 192 805            | 81 199            |
|          | + 90 Days  | 3 394 858          | 3 304 399         |
|          | <b>Total</b>   | <b>28 334 228</b>  | <b>25 287 371</b> |

**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

| <b>RECEIVABLES FROM EXCHANGE TRANSACTIONS CONTINUED</b> | <b>2013<br/>R</b>  | <b>2012<br/>R</b> |
|---|--------------------|-------------------|
| <b><u>(Water): Ageing</u></b>                           |                    |                   |
| Accrued Income Water                                    | 2 693 795          | 2 405 394         |
| Current (0 - 30 days)                                   | 2 343 834          | 2 192 821         |
| 31 - 60 Days  | 957 326            | 946 925           |
| 61 - 90 Days  | 871 205            | 651 553           |
| + 90 Days   | 32 904 337         | 24 334 898        |
| <b>Total</b>  | <b>39 770 496</b>  | <b>30 531 591</b> |
| <b><u>(Housing): Ageing</u></b>                         |                    |                   |
| Current (0 - 30 days)                                   | 47 018             | 48 605            |
| 31 - 60 Days  | 34 215             | 27 880            |
| 61 - 90 Days  | 31 170             | 22 479            |
| + 90 Days   | 1 619 625          | 1 322 937         |
| <b>Total</b>  | <b>1 732 028</b>   | <b>1 421 901</b>  |
| <b><u>(Refuse): Ageing</u></b>                          |                    |                   |
| Current (0 - 30 days)                                   | 1 414 496          | 1 385 470         |
| 31 - 60 Days  | 637 336            | 526 627           |
| 61 - 90 Days  | 466 580            | 380 566           |
| + 90 Days   | 20 670 345         | 15 818 550        |
| <b>Total</b>  | <b>23 188 758</b>  | <b>18 111 213</b> |
| <b><u>(Sewerage): Ageing</u></b>                        |                    |                   |
| Current (0 - 30 days)                                   | 1 261 948          | 1 752 259         |
| 31 - 60 Days  | 2 003 180          | 460 807           |
| 61 - 90 Days  | 414 782            | 331 869           |
| + 90 Days   | 15 774 000         | 12 031 129        |
| <b>Total</b>  | <b>19 453 910</b>  | <b>14 576 064</b> |
| <b><u>(Other): Ageing</u></b>                           |                    |                   |
| Current (0 - 30 days)                                   | 77 483             | 112 599           |
| 31 - 60 Days  | 36 674             | 62 623            |
| 61 - 90 Days  | 30 659             | 13 760            |
| + 90 Days   | 1 753 309          | 1 523 148         |
| <b>Total</b>  | <b>1 898 125</b>   | <b>1 712 130</b>  |
| <b><u>(Total): Ageing</u></b>                           |                    |                   |
| Accrued Income  | 15 518 693         | 13 667 646        |
| Current (0 - 30 days)                                   | 16 499 174         | 15 568 115        |
| 31 - 60 Days  | 4 236 003          | 2 588 022         |
| 61 - 90 Days  | 2 007 201          | 1 481 426         |
| + 90 Days   | 76 116 474         | 58 335 060        |
| <b>Total</b>  | <b>114 377 545</b> | <b>91 640 270</b> |
| <b>Reconciliation of Provision for Bad Debts</b>        |                    |                   |
| Balance at beginning of year                            | 59 991 405         | 39 795 690        |
| Contribution to provision                               | 20 749 936         | 21 486 850        |
| Bad Debts Written Off                                   | (3 218)            | (1 291 135)       |
| <b>Balance at end of year</b>                           | <b>80 738 123</b>  | <b>59 991 405</b> |

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

# WITZENBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

|   | 2013<br>R         | 2012<br>R         |
|---|-------------------|-------------------|
| <b>4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>   |                   |                   |
| Rates   | 14 975 942        | 11 604 078        |
| Other Receivables   | 1 778 704         | 963 871           |
| Accrued Fines   | 130 799           | 84 740            |
| Irregular Expenditure   | -                 | 130 406           |
| Deposits  | 224 616           | 224 615           |
| SARS  | 524 109           | 524 110           |
| Prepaid Expenditure   | 899 180           | -                 |
| <b>Total Receivables from Non-Exchange Transactions</b>   | <b>16 754 646</b> | <b>12 567 949</b> |
| Less: Provision for Impairment  | (12 594 725)      | (9 857 556)       |
| <b>Total Net Receivables from Non-Exchange Transactions</b>   | <b>4 159 921</b>  | <b>2 710 393</b>  |
| Ageing of Receivables from Non-Exchange Transactions:   |                   |                   |
| <u>(Rates): Ageing</u>  |                   |                   |
| Current (0 - 30 days)   | 1 610 717         | 1 414 356         |
| 31 - 60 Days  | 231 023           | 236 594           |
| 61 - 90 Days  | 207 011           | 75 474            |
| + 90 Days   | 12 927 191        | 9 830 322         |
| <b>Total</b>  | <b>14 975 942</b> | <b>11 556 746</b> |
| <b>Reconciliation of Provision for Bad Debts</b>  |                   |                   |
| Balance at beginning of year  | 9 857 556         | 9 069 481         |
| Contribution to provision   | 2 882 346         | 849 147           |
| Bad Debts Written Off   | (145 177)         | (61 072)          |
| <b>Balance at end of year</b>   | <b>12 594 725</b> | <b>9 857 556</b>  |
| Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables. |                   |                   |
| <b>5 INVENTORY</b>  |                   |                   |
| Consumable Stores - At cost   | 5 367 612         | 5 383 826         |
| Water - At purification cost  | 18 573            | 17 312            |
| <b>Total Inventory</b>  | <b>5 386 185</b>  | <b>5 401 138</b>  |
| Consumable stores materials written down due to losses as identified during the annual stores counts.   | 1 796             | 34                |
| Consumable stores materials surpluses identified during the annual stores counts  | 68                | 1 498             |
| Consumable stores inventory recognised as an expense during the year  | 8 001 445         | 7 483 332         |

**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

|   | <b>2013</b>               | <b>2012</b>             |
|---|---------------------------|-------------------------|
|   | <b>R</b>                  | <b>R</b>                |
| <b>6 LONG-TERM RECEIVABLES</b>  |                           |                         |
| Housing Loans   | 313 895                   | 346 164                 |
| Sport Club Loans  | 58 355                    | 60 332                  |
| Town Development  | 31 126                    | 29 923                  |
|   | <u>403 376</u>            | <u>436 419</u>          |
| <b>Less:</b> Unamortised Discount on Loans  | (7 260)                   | (7 260)                 |
| Balance 1 July  | (7 260)                   | (9 834)                 |
| Adjustment for the period   | <u>-</u>                  | <u>2 574</u>            |
|   | 396 116                   | 429 159                 |
| <b>Less:</b> Current portion transferred to current receivables   | (27 141)                  | (29 011)                |
| Housing Loans   | (20 096)                  | (22 371)                |
| Sport Club Loans  | (7 045)                   | (6 640)                 |
|   | 368 975                   | 400 148                 |
| <b>Less:</b> Provision for Impairment   | (168 450)                 | (152 657)               |
| <b>Total Long Term Receivables</b>  | <u><b>200 525</b></u>     | <u><b>247 491</b></u>   |
| <br><b>Reconciliation of Provision for Bad Debts</b>  |                           |                         |
| Balance at beginning of year  | 152 657                   | 172 170                 |
| Contribution to provision   | 15 793                    | 21 528                  |
| Bad Debts Written Off   | <u>-</u>                  | <u>(41 041)</u>         |
| <b>Balance at end of year</b>   | <u><b>168 450</b></u>     | <u><b>152 657</b></u>   |
| <br><b>7 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS</b>   |                           |                         |
| <b>Unspent Grants</b>   | 6 545 350                 | 13 137 816              |
| National Government Grants  | 1 434 320                 | 5 714 787               |
| Provincial Government Grants  | 5 111 030                 | 7 114 445               |
| District Municipality   | <u>-</u>                  | <u>308 584</u>          |
|   | 15 678 100                | 5 599 933               |
| <b>Less: Grants spend but not yet received</b>  | 15 577 100                | 4 792 872               |
| National Government Grants  | 101 000                   | 129 804                 |
| Provincial Government Grants  | <u>-</u>                  | <u>677 257</u>          |
| District Municipality   |                           |                         |
| <b>Total Conditional Grants and Receipts</b>  | <u><b>(9 132 750)</b></u> | <u><b>7 537 883</b></u> |
| See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld. |                           |                         |
| Please refer to Note 27 for more information on specific grants.  |                           |                         |
| <br><b>8 VAT</b>  |                           |                         |
| <b>VAT PAYABLE</b>  |                           |                         |
| VAT output in suspense  | 2 042 501                 | 3 805 686               |
| Total Vat payable   | <u>2 042 501</u>          | <u>3 805 686</u>        |
| <b>VAT RECEIVABLE</b>   |                           |                         |
| VAT input in suspense   | 4 394 550                 | 5 374 873               |
| Total VAT receivable  | <u>4 394 550</u>          | <u>5 374 873</u>        |
| <b>NET VAT RECEIVABLE/(PAYABLE)</b>   | <u><b>2 352 049</b></u>   | <u><b>1 569 187</b></u> |
| VAT is receivable/payable on the cash basis.  |                           |                         |

# WITZENBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

|   |   | 2013<br>R        | 2012<br>R        |
|---|---|------------------|------------------|
| 9 | <b>NON-CURRENT ASSETS HELD FOR SALE</b> |                  |                  |
|   | Erven                                   | 2 884 238        | 2 884 238        |
|   |   | <b>2 884 238</b> | <b>2 884 238</b> |

Council resolved on 18 August 2011 to alienate erven not required for basic service delivery.

### 10 NON-CURRENT INVESTMENTS

#### Unlisted

Investment in Joint Ventures - at cost

#### Total Non-Current Investments

|                |                |
|----------------|----------------|
| 105 062        | 105 062        |
| <b>105 062</b> | <b>105 062</b> |

Managements valuations of the unlisted investments are as follows:

Ceres Koekedouw Bestuurskomitee - Joint Venture with Koekedouw Besproeingsraac

|                |                |
|----------------|----------------|
| 105 062        | 105 062        |
| <b>105 062</b> | <b>105 062</b> |

The Municipality has a 41% interest in the Ceres Koekedouw Management Committee. The equity method was used to recognise the interest in the joint venture. The joint venture operates the Koekedouw Dam. The financial statements are available at Witzenberg Municipality.

The municipalities assets and liabilities in respect of the dam is included in the statement of financial position of the municipality. The relevant expenditure is expensed in the statement of financial performance.

The carrying value of the asset and liability on the statement of financial position is R 30 273 938 and R 21 216 964 respectively.

The financial statements of the joint venture is summarised as follow:

|                         |             |             |
|-------------------------|-------------|-------------|
| Income                  | 932 906     | 1 081 391   |
| Expenditure             | (911 579)   | (1 014 018) |
| Non-current Assets      | 45 083      | 39 568      |
| Current Assets          | 2 309 004   | 853 768     |
| Non-current Liabilities | (2 138 847) | (513 225)   |
| Current Liabilities     | (215 239)   | (52 551)    |

Please note that the 2013 figures are preliminary.

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

## 11 PROPERTY, PLANT AND EQUIPMENT

## 11.1 30 JUNE 2013

| Reconciliation of Carrying Value      | Land<br>R  | Buildings<br>R | Infrastructure<br>R | Community<br>R | Lease Assets<br>R | Other<br>R   | Total<br>R    |
|---------------------------------------|------------|----------------|---------------------|----------------|-------------------|--------------|---------------|
| <b>Carrying value at 1 July 2012</b>  | 71 146 145 | 99 097 465     | 244 397 628         | 42 077 386     | 121 333           | 23 627 239   | 480 467 195   |
| <b>Cost</b>                           | 71 146 145 | 103 211 343    | 319 972 256         | 43 046 952     | 728 997           | 37 718 224   | 575 823 917   |
| Original Cost                         | 71 146 145 | 103 211 343    | 319 972 256         | 43 046 952     | 728 997           | 37 718 224   | 575 823 917   |
| <b>Accumulated Impairments</b>        | -          | -              | -                   | -              | -                 | (75 905)     | (75 905)      |
| Original Cost                         | -          | -              | -                   | -              | -                 | (75 905)     | (75 905)      |
| <b>Accumulated Depreciation</b>       | -          | (4 113 878)    | (75 574 628)        | (969 567)      | (607 664)         | (14 015 080) | (95 280 817)  |
| Original Cost                         | -          | (4 113 878)    | (75 574 628)        | (969 567)      | (607 664)         | (14 015 080) | (95 280 817)  |
| <b>Acquisitions</b>                   | -          | 18 785         | 75 561 613          | 6 737 785      | 691 343           | 4 114 783    | 87 124 309    |
| <b>Transfers</b>                      | -          | -              | -                   | (12 770)       | -                 | 12 770       | -             |
| Cost                                  | -          | -              | -                   | (12 770)       | -                 | 12 770       | -             |
| <b>Impairment</b>                     | -          | -              | -                   | -              | -                 | (373 987)    | (373 987)     |
| Impairment                            | -          | -              | -                   | -              | -                 | (373 987)    | (373 987)     |
| <b>Depreciation</b>                   | -          | (1 024 793)    | (5 972 872)         | (716 324)      | (284 225)         | (4 262 359)  | (12 260 573)  |
| Normal Depreciation                   | -          | (1 024 793)    | (5 972 872)         | (716 324)      | (284 225)         | (4 262 359)  | (12 260 573)  |
| <b>Carrying value of disposals</b>    | (10 000)   | -              | (75 068)            | -              | -                 | -            | (85 068)      |
| Cost                                  | (10 000)   | -              | (189 175)           | -              | (728 997)         | -            | (928 172)     |
| Accumulated Depreciation              | -          | -              | 114 107             | -              | 728 997           | -            | 843 104       |
| <b>Carrying value at 30 June 2013</b> | 71 136 145 | 98 091 457     | 313 911 301         | 48 086 077     | 528 451           | 23 118 446   | 554 871 877   |
| <b>Cost</b>                           | 71 136 145 | 103 230 127    | 395 344 694         | 49 771 967     | 691 343           | 41 845 778   | 662 020 054   |
| Original Cost                         | 71 136 145 | 103 230 127    | 395 344 694         | 49 771 967     | 691 343           | 41 845 778   | 662 020 054   |
| <b>Accumulated Impairments</b>        | -          | -              | -                   | -              | -                 | (449 892)    | (449 892)     |
| Original Cost                         | -          | -              | -                   | -              | -                 | (449 892)    | (449 892)     |
| <b>Accumulated Depreciation</b>       | -          | (5 138 671)    | (81 433 393)        | (1 685 890)    | (162 892)         | (18 277 439) | (106 698 285) |
| Original Cost                         | -          | (5 138 671)    | (81 433 393)        | (1 685 890)    | (162 892)         | (18 277 439) | (106 698 285) |



## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

## PROPERTY, PLANT AND EQUIPMENT CONTINUED

11.2 30 JUNE 2012

| Reconciliation of Carrying Value      | Land<br>R  | Buildings<br>R | Infrastructure<br>R | Community<br>R | Lease Assets<br>R | Other<br>R   | Total<br>R   |
|---------------------------------------|------------|----------------|---------------------|----------------|-------------------|--------------|--------------|
| <b>Carrying value at 1 July 2011</b>  | 71 843 145 | 100 086 972    | 190 606 998         | 37 656 536     | 304 082           | 24 631 221   | 425 128 953  |
| <b>Cost</b>                           | 71 843 145 | 103 167 505    | 260 987 299         | 38 192 162     | 728 997           | 35 362 989   | 510 282 096  |
| Original Cost                         | 71 843 145 | 103 167 505    | 260 987 299         | 38 192 162     | 728 997           | 35 362 989   | 510 282 096  |
| <b>Accumulated Impairments</b>        | -          | -              | -                   | -              | -                 | (95 536)     | (95 536)     |
| Original Cost                         | -          | -              | -                   | -              | -                 | (95 536)     | (95 536)     |
| <b>Accumulated Depreciation</b>       | -          | (3 080 533)    | (70 380 301)        | (535 626)      | (424 915)         | (10 636 232) | (85 057 607) |
| Original Cost                         | -          | (3 080 533)    | (70 380 301)        | (535 626)      | (424 915)         | (10 636 232) | (85 057 607) |
| <b>Acquisitions</b>                   | -          | 43 838         | 13 450 868          | 4 728 640      | -                 | 3 885 898    | 22 109 244   |
| <b>Capital under Construction</b>     | -          | -              | 45 594 233          | 126 149        | -                 | -            | 45 720 382   |
| <b>Transfers</b>                      | (697 000)  | -              | -                   | -              | -                 | -            | (697 000)    |
| Cost                                  | (697 000)  | -              | -                   | -              | -                 | -            | (697 000)    |
| <b>Impairments</b>                    | -          | -              | -                   | -              | -                 | (242)        | (242)        |
| Impairments                           | -          | -              | -                   | -              | -                 | (242)        | (242)        |
| <b>Depreciation</b>                   | -          | (1 033 345)    | (5 237 662)         | (433 940)      | (182 749)         | (3 763 734)  | (10 651 430) |
| Normal Depreciation                   | -          | (1 033 345)    | (5 237 662)         | (433 940)      | (182 749)         | (3 763 734)  | (10 651 430) |
| <b>Carrying value of disposals</b>    | -          | -              | (16 807)            | -              | -                 | (1 125 904)  | (1 142 711)  |
| Cost                                  | -          | -              | (60 142)            | -              | -                 | (1 530 663)  | (1 590 805)  |
| Accumulated Impairments               | -          | -              | -                   | -              | -                 | 19 873       | 19 873       |
| Accumulated Depreciation              | -          | -              | 43 335              | -              | -                 | 384 886      | 428 221      |
| <b>Carrying value at 30 June 2012</b> | 71 146 145 | 99 097 465     | 244 397 630         | 42 077 384     | 121 333           | 23 627 239   | 480 467 196  |
| <b>Cost</b>                           | 71 146 145 | 103 211 343    | 319 972 258         | 43 046 951     | 728 997           | 37 718 224   | 575 823 917  |
| Original Cost                         | 71 146 145 | 103 211 343    | 319 972 258         | 43 046 951     | 728 997           | 37 718 224   | 575 823 917  |
| <b>Accumulated Impairments</b>        | -          | -              | -                   | -              | -                 | (75 905)     | (75 905)     |
| Original Cost                         | -          | -              | -                   | -              | -                 | (75 905)     | (75 905)     |
| <b>Accumulated Depreciation</b>       | -          | (4 113 878)    | (75 574 628)        | (969 567)      | (607 664)         | (14 015 080) | (95 280 817) |
| Original Cost                         | -          | (4 113 878)    | (75 574 628)        | (969 567)      | (607 664)         | (14 015 080) | (95 280 817) |

**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

| 12 | <b>INTANGIBLE ASSETS</b>              | <b>2013</b>      | <b>2012</b>      |
|----|---------------------------------------|------------------|------------------|
|    |                                       | <b>R</b>         | <b>R</b>         |
|    | <b>Computer Software</b>              |                  |                  |
|    | <b>Net Carrying amount at 1 July</b>  | <b>1 609 594</b> | <b>1 754 262</b> |
|    | Cost                                  | 3 147 576        | 2 757 049        |
|    | Accumulated Amortisation              | (1 537 982)      | (1 002 788)      |
|    | Additions                             | 885 196          | 390 527          |
|    | Amortisation                          | (636 289)        | (535 194)        |
|    | <b>Net Carrying amount at 30 June</b> | <b>1 858 501</b> | <b>1 609 595</b> |
|    | Cost                                  | 4 032 772        | 3 147 576        |
|    | Accumulated Amortisation              | (2 174 270)      | (1 537 982)      |

The following material intangible assets are included in the carrying value above

| <u>Description</u>                    | <u>Remaining Amortisation</u><br><u>Period</u> | <b>Carrying Value</b> |           |
|---------------------------------------|--|-----------------------|-----------|
| Microsoft Office and Windows software | 5  | 1 858 501             | 1 609 595 |

No intangible assets were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

| 13 | <b>INVESTMENT PROPERTY</b>            | <b>48 299 923</b> | <b>50 782 252</b> |
|----|---------------------------------------|-------------------|-------------------|
|    | <b>Net Carrying amount at 1 July</b>  |                   |                   |
|    | Cost                                  | 49 452 507        | 51 645 507        |
|    | Accumulated Depreciation              | (1 152 584)       | (863 255)         |
|    | Depreciation for the year             | (288 293)         | (289 329)         |
|    | Transfers                             | -                 | (2 187 238)       |
|    | <b>Net Carrying amount at 30 June</b> | <b>48 011 630</b> | <b>48 299 923</b> |
|    | Cost                                  | 49 452 507        | 49 452 507        |
|    | Accumulated Depreciation              | (1 440 877)       | (1 152 584)       |

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

| 14 | <b>HERITAGE ASSETS</b>                | <b>550 000</b> | <b>550 000</b> |
|----|---------------------------------------|----------------|----------------|
|    | <b>Net Carrying amount at 1 July</b>  |                |                |
|    | Cost                                  | 550 000        | 550 000        |
|    | <b>Net Carrying amount at 30 June</b> | <b>550 000</b> | <b>550 000</b> |
|    | Cost                                  | 550 000        | 550 000        |

Heritage assets are carried at its cost less any accumulated impairment losses

**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

|           |  | 2013<br>R           | 2012<br>R         |
|-----------|--|---------------------|-------------------|
| <b>15</b> | <b>OPERATING LEASE ARRANGEMENTS</b>  |                     |                   |
|           | <b>The Municipality as Lessor (Asset)</b>  |                     |                   |
|           | <b>Balance on 1 July</b>   | 31 997              | 32 897            |
|           | Movement during the year   | (3 948)             | (900)             |
|           | <b>Balance on 30 June</b>  | <b>28 049</b>       | <b>31 997</b>     |
|           | At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:  |                     |                   |
|           | Up to 1 Year   | 35 662              | 32 420            |
|           | 1 to 5 Years   | 102 892             | 106 721           |
|           | <b>Total Operating Lease Arrangements</b>  | <b>138 554</b>      | <b>139 141</b>    |
|           | This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.   |                     |                   |
|           | The leases are in respect of land and buildings being leased out for periods ranging until 2016  |                     |                   |
| <b>16</b> | <b>CAPITALISED RESTORATION COST</b>  |                     |                   |
|           | <b>Net Carrying amount at 1 July</b>   | <b>865 022</b>      | <b>2 803 904</b>  |
|           | Cost   | 9 865 460           | 10 785 035        |
|           | Accumulated Depreciation   | (9 000 438)         | (7 981 131)       |
|           | Acquisitions   | 1 631 116           | 116 249           |
|           | Adjustment for the period  | -                   | (1 035 824)       |
|           | Depreciation for the year  | (810 522)           | (1 019 307)       |
|           | <b>Net Carrying amount at 30 June</b>  | <b>1 685 616.89</b> | <b>865 022</b>    |
|           | Cost   | 11 496 576          | 9 865 460         |
|           | Accumulated Depreciation   | (9 810 960)         | (9 000 438)       |
| <b>17</b> | <b>PAYABLES FROM EXCHANGE TRANSACTIONS</b>   |                     |                   |
|           | Trade Payables   | 34 617 576          | 31 335 161        |
|           | Deposits: Other  | 606 517             | 380 980           |
|           | Interest Accrued   | 1 118 806           | 1 321 575         |
|           | Other Creditors  | 355 585             | 300 082           |
|           | Library books  | 11 238              | 8 856             |
|           | Payments Received in Advance   | 3 638 724           | 3 024 112         |
|           | Pre-paid Electricity   | 640 981             | 622 432           |
|           | Retentions   | 4 414 216           | 2 257 179         |
|           | <b>Total Trade Payables</b>  | <b>45 403 643</b>   | <b>39 250 377</b> |
|           | Payables are being recognised net of any discounts   |                     |                   |
|           | Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary. |                     |                   |
|           | The carrying value of trade and other payables approximates its fair value   |                     |                   |
|           | Sundry deposits include hall, builders and housing Deposits.   |                     |                   |
| <b>18</b> | <b>CONSUMER DEPOSITS</b>   |                     |                   |
|           | Water and Electricity  | 1 862 631           | 1 741 866         |
|           | <b>Total Consumer Deposits</b>   | <b>1 862 631</b>    | <b>1 741 866</b>  |
|           | The fair value of consumer deposits approximate their carrying value. Interest are not paid on these amounts.  |                     |                   |

**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

| 19 | <b>CURRENT PROVISIONS</b>                                     | <b>2013<br/>R</b> | <b>2012<br/>R</b> |
|----|---|-------------------|-------------------|
|    | Current Portion of Rehabilitation of Landfill-sites - Note 23 | 6 791 539         | 7 348 043         |
|    | <b>Total Provisions</b>                                       | <b>6 791 539</b>  | <b>7 348 043</b>  |

| 20 | <b>CURRENT EMPLOYEE BENEFITS</b>                          |                   |                   |
|----|---|-------------------|-------------------|
|    | Current Portion of Post Retirement Benefits - Note 24     | 1 522 000         | 1 263 000         |
|    | Current Portion of Long-Service Provisions - Note 24      | 565 000           | 264 669           |
|    | Current Portion of Ex-gratia Pension Provisions - Note 24 | 105 000           | 112 741           |
|    | Staff Leave   | 6 675 642         | 6 634 900         |
|    | Performance Bonuses                                       | 930 974           | 620 471           |
|    | Staff Bonuses   | 2 727 498         | 2 496 695         |
|    | <b>Total Current Employee Benefits</b>                    | <b>12 526 114</b> | <b>11 392 476</b> |

The movement in current employee benefits are reconciled as follows:

**Staff Leave**

|                                 |                  |                  |
|---------------------------------|------------------|------------------|
| Balance at beginning of year    | 6 634 901        | 4 668 121        |
| Contribution to current portion | 290 588          | 2 289 571        |
| Expenditure incurred            | (249 847)        | (322 791)        |
| Balance at end of year          | <b>6 675 642</b> | <b>6 634 901</b> |

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave.

**Performance Bonuses**

|                                 |                |                |
|---------------------------------|----------------|----------------|
| Balance at beginning of year    | 620 471        | 574 885        |
| Contribution to current portion | 310 503        | 620 471        |
| Expenditure incurred            | -              | (574 885)      |
| Balance at end of year          | <b>930 974</b> | <b>620 471</b> |

Performance bonuses are being paid to Municipal Manager and Directors after an evaluation of performance by the council.

**Staff Bonuses**

|                                 |                  |                  |
|---------------------------------|------------------|------------------|
| Balance at beginning of year    | 2 496 695        | 2 225 686        |
| Contribution to current portion | 4 714 107        | 4 195 331        |
| Expenditure incurred            | (4 483 305)      | (3 924 322)      |
| Balance at end of year          | <b>2 727 497</b> | <b>2 496 695</b> |

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represents the portion of the bonus that have already vested for the current salary cycle.

**Backdated Remuneration**

|                              |          |             |
|------------------------------|----------|-------------|
| Balance at beginning of year | -        | 2 460 667   |
| Expenditure incurred         | -        | (2 460 667) |
| Balance at end of year       | <b>-</b> | <b>-</b>    |

**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

|   | <b>2013<br/>R</b> | <b>2012<br/>R</b> |
|---|-------------------|-------------------|
| <b>21      UNSPENT PUBLIC CONTRIBUTIONS</b> |                   |                   |
| China - Water meters                        | 222 677           | 276 740           |
| Essen Belgium                               | 401 987           | 422 902           |
| Total Unspent Public Contributions          | <u>624 664</u>    | <u>699 642</u>    |

**Reconciliation of public contributions**

China - Water meters

|   |                |                |
|---|----------------|----------------|
| Opening balance                         | 276 740        | 277 370        |
| Conditions met - Transferred to revenue | (54 063)       | (630)          |
| Closing balance                         | <u>222 677</u> | <u>276 740</u> |

3580 Water meters were donated by the Chinese Government to the Witzenberg Municipality. The purpose of the donation is to provide water connections to poor households.

Essen Belgium

|   |                |                |
|---|----------------|----------------|
| Opening balance                         | 422 902        | 88 199         |
| Contributions received                  | 247 626        | 548 451        |
| Conditions met - Transferred to revenue | (268 541)      | (213 748)      |
| Closing balance                         | <u>401 987</u> | <u>422 902</u> |

A twinning agreement exists between Essen in Belgium and the Witzenberg Municipality. The purpose of the agreement is youth development and crèches.

|   | <b>2013<br/>R</b>        | <b>2012<br/>R</b>        |
|---|--------------------------|--------------------------|
| <b>22      LONG-TERM LIABILITIES</b>  |                          |                          |
| Annuity Loans - At amortised cost   | 44 376 732               | 52 115 199               |
| Capitalised Lease Liability - At amortised cost   | 521 937                  | -                        |
|   | <u>44 898 669</u>        | <u>52 115 199</u>        |
| Current Portion transferred to Current Liabilities  | <u>(7 545 052)</u>       | <u>(7 648 923)</u>       |
| Annuity Loans - At amortised cost   | (7 320 766)              | (7 648 923)              |
| Capitalised Lease Liability - At amortised cost   | (224 286)                | -                        |
|   | <u>37 353 617</u>        | <u>44 466 276</u>        |
| Unamortised charges on loans  | <u>(5 018 131)</u>       | <u>(6 839 424)</u>       |
| Balance 1 July  | (6 839 424)              | (8 567 567)              |
| Adjustment for the period   | 1 821 293                | 1 728 143                |
| <b>Total Long-term Liabilities - At amortised cost using the effective interest rate method</b> | <u><b>32 335 486</b></u> | <u><b>37 626 852</b></u> |

Refer below for maturity dates of long term liabilities:

The obligations under annuity loans are scheduled below

Amounts payable under annuity loans:

|   | <b>Minimum<br/>annuity payments</b> |                          |
|---|-------------------------------------|--------------------------|
| Payable within one year                     | 12 414 777                          | 13 650 776               |
| Payable within two to five years            | 40 516 170                          | 48 395 339               |
| Payable after five years                    | 8 177 263                           | 12 854 206               |
|   | <u>61 108 210</u>                   | <u>74 900 320</u>        |
| <b>Less: Future finance obligations</b>     | <u>(16 731 478)</u>                 | <u>(22 895 151)</u>      |
| <b>Present value of annuity obligations</b> | <u><b>44 376 732</b></u>            | <u><b>52 005 169</b></u> |

Annuity loans at amortised cost is calculated at an average 12.47% interest rate, with a final maturity date of 30 June 2023.

The obligations under finance leases are scheduled below:

Amounts payable under finance leases:

|   | <b>Minimum<br/>lease payments</b> |                 |
|---|-----------------------------------|-----------------|
| Payable within one year                   | 260 046                           | -               |
| Payable within two to five years          | 314 195                           | -               |
| Payable after five years                  | -                                 | -               |
|   | <u>574 241</u>                    | <u>-</u>        |
| <b>Less: Future finance obligations</b>   | <u>(52 304)</u>                   | <u>-</u>        |
| <b>Present value of lease obligations</b> | <u><b>521 937</b></u>             | <u><b>-</b></u> |

Leases are secured by property, plant and equipment - Note 11

**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

| <b>23</b> | <b>NON-CURRENT PROVISIONS</b>   | <b>2013</b><br><b>R</b> | <b>2012</b><br><b>R</b> |
|-----------|---|-------------------------|-------------------------|
|           | Provision for Rehabilitation of Landfill-sites  | 16 774 616              | 14 209 553              |
|           | <b>Total Non-current Provisions</b>   | <b>16 774 616</b>       | <b>14 209 553</b>       |
|           | The provision includes the rehabilitation cost of landfill sites in Ceres, Prince Alfred's Hamlet, Op-die-Berg, Tulbagh and Wolseley. The expected closing dates of the sites are:<br>Ceres - 2010 (The site is longer in operation)<br>Prince Alfred's Hamlet - 2014<br>Op-die- Berg - 2014<br>Tulbagh - 2014<br>Wolseley - 2020 |                         |                         |
|           | <b><u>Landfill Sites</u></b>  |                         |                         |
|           | Balance 1 July  | 21 557 597              | 21 745 403              |
|           | Contribution for the year   | 1 032 560               | 116 249                 |
|           | Unwinding of Interest   | 975 998                 | 1 087 270               |
|           | Adjustment for the period   | -                       | (1 391 326)             |
|           | <b>Total provision 30 June</b>  | <b>23 566 155</b>       | <b>21 557 596</b>       |
|           | <b>Less:</b> Transfer of Current Portion to Current Provisions - Note 19  | (6 791 539)             | (7 348 043)             |
|           | <b>Balance 30 June</b>  | <b>16 774 616</b>       | <b>14 209 553</b>       |
| <b>24</b> | <b>EMPLOYEE BENEFITS</b>  |                         |                         |
|           | Post Retirement Benefits  | 52 408 000              | 55 584 812              |
|           | Long Service Awards   | 4 511 000               | 1 873 372               |
|           | Ex-Gratia Pension Benefits  | 235 000                 | 224 324                 |
|           | <b>Total Non-current Employee Benefit Liabilities</b>   | <b>57 154 000</b>       | <b>57 682 508</b>       |
|           | <b><u>Post Retirement Benefits</u></b>  |                         |                         |
|           | Balance 1 July  | 56 847 812              | 51 015 674              |
|           | Contribution for the year   | 2 986 400               | 2 730 675               |
|           | Interest Cost   | 4 559 400               | 4 401 759               |
|           | Expenditure for the year  | (1 371 126)             | (1 304 409)             |
|           | Actuarial Loss/(Gain)   | (9 092 486)             | 4 113                   |
|           | <b>Total post retirement benefits 30 June</b>   | <b>53 930 000</b>       | <b>56 847 812</b>       |
|           | <b>Less:</b> Transfer of Current Portion - Note 20  | (1 522 000)             | (1 263 000)             |
|           | <b>Balance 30 June</b>  | <b>52 408 000</b>       | <b>55 584 812</b>       |
|           | <b><u>Long Service Awards</u></b>   |                         |                         |
|           | Balance 1 July  | 2 138 041               | 1 806 355               |
|           | Contribution for the year   | 279 377                 | 250 706                 |
|           | Interest Cost   | 126 572                 | 127 576                 |
|           | Expenditure for the year  | (339 040)               | (340 320)               |
|           | Actuarial Loss/(Gain)   | 2 871 050               | 293 724                 |
|           | <b>Total long service 30 June</b>   | <b>5 076 000</b>        | <b>2 138 041</b>        |
|           | <b>Less:</b> Transfer of Current Portion - Note 20  | (565 000)               | (264 669)               |
|           | <b>Balance 30 June</b>  | <b>4 511 000</b>        | <b>1 873 372</b>        |
|           | <b><u>Ex-Gratia Pensions</u></b>  |                         |                         |
|           | Balance 1 July  | 337 065                 | 327 352                 |
|           | Contribution for the year   | 4 044                   | 3 975                   |
|           | Interest Cost   | 20 559                  | 26 436                  |
|           | Expenditure for the year  | (105 000)               | (14 778)                |
|           | Actuarial Loss/(Gain)   | 83 332                  | (5 920)                 |
|           | <b>Total Ex-Gratia 30 June</b>  | <b>340 000</b>          | <b>337 065</b>          |
|           | <b>Less:</b> Transfer of Current Portion - Note 20  | (105 000)               | (112 741)               |
|           | <b>Balance 30 June</b>  | <b>235 000</b>          | <b>224 324</b>          |
|           | <b><u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u></b>   |                         |                         |
|           | Balance 1 July  | 59 322 918              | 53 149 381              |
|           | Contribution for the year   | 3 269 821               | 2 985 356               |
|           | Interest cost   | 4 706 531               | 4 555 771               |
|           | Expenditure for the year  | (1 815 166)             | (1 659 507)             |
|           | Actuarial Loss/(Gain)   | (6 138 104)             | 291 917                 |
|           | <b>Total employee benefits 30 June</b>  | <b>59 346 000</b>       | <b>59 322 918</b>       |
|           | <b>Less:</b> Transfer of Current Portion - Note 20  | (2 192 000)             | (1 640 410)             |
|           | <b>Balance 30 June</b>  | <b>57 154 000</b>       | <b>57 682 508</b>       |

**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

| <b>EMPLOYEE BENEFITS CONTINUED</b>  |                   | <b>2013</b>       | <b>2012</b>       |
|---|-------------------|-------------------|-------------------|
|   |                   | <b>R</b>          | <b>R</b>          |
| <b>24.1 Post-employment Health Care Benefits</b>  |                   |                   |                   |
| The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:  |                   |                   |                   |
| In-service (employee) members   |                   | 255               | 248               |
| In-service (employee) non-members   |                   | 248               | 265               |
| Continuation members (e.g. Retirees, widows, orphans)   |                   | 55                | 53                |
| <b>Total Members</b>  |                   | <b>558</b>        | <b>566</b>        |
|   |                   | <b>2013</b>       | <b>2012</b>       |
|   |                   | <b>R</b>          | <b>R</b>          |
| The liability in respect of past service has been estimated to be as follows  |                   |                   |                   |
| In-service members  |                   | 35 087 000        | 38 525 020        |
| Continuation members  |                   | 18 843 000        | 18 322 792        |
| <b>Total Liability</b>  |                   | <b>53 930 000</b> | <b>56 847 812</b> |
| The liability in respect of periods commencing prior to the comparative year has been estimated as follows:   |                   |                   |                   |
|   | <b>2011</b>       | <b>2010</b>       | <b>2009</b>       |
|   | <b>R</b>          | <b>R</b>          | <b>R</b>          |
| In-service members  | 32 437 101        | 26 124 600        | 22 717 210        |
| Continuation members  | 18 578 573        | 10 151 587        | 9 217 993         |
| <b>Total Liability</b>  | <b>51 015 674</b> | <b>36 276 187</b> | <b>31 935 203</b> |
| The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:   |                   |                   |                   |
| Bonitas;<br>LA Health<br>Samwumed; and<br>Keyhealth.  |                   |                   |                   |
| Key actuarial assumptions used:   |                   | <b>2013</b>       | <b>2012</b>       |
| <b>i) Rate of interest</b>  |                   |                   |                   |
| Discount rate   |                   | 7.89%             | 8.11%             |
| Health Care Cost Inflation Rate   |                   | 7.14%             | 6.94%             |
| Net Effective Discount Rate   |                   | 0.70%             | 1.09%             |
| <b>ii) Mortality rates</b>  |                   |                   |                   |
| The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries   |                   |                   |                   |
| <b>iii) Normal retirement age</b>   |                   |                   |                   |
| It has been assumed that in-service members will retire at age 60, which then implicitly allows for expected rates of early and ill-health retirement.          |                   |                   |                   |
| <b>The amounts recognised in the Statement of Financial Position are as follows:</b>  |                   | <b>2013</b>       | <b>2012</b>       |
|   |                   | <b>R</b>          | <b>R</b>          |
| Present value of fund obligations   |                   | 53 930 000        | 56 847 812        |
| <b>Net liability/(asset)</b>  |                   | <b>53 930 000</b> | <b>56 847 812</b> |
| The municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25, Employee Benefits, paragraph 155 (a). |                   |                   |                   |

**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**EMPLOYEE BENEFITS CONTINUED**

|   | <b>2013</b>       | <b>2012</b>       |
|---|-------------------|-------------------|
|   | <b>R</b>          | <b>R</b>          |
| <b>Reconciliation of present value of fund obligation:</b>    |                   |                   |
| Present value of fund obligation at the beginning of the year | 56 847 812        | 51 015 674        |
| Total expenses  | 6 174 674         | 5 828 025         |
| Current service cost  | 2 986 400         | 2 730 675         |
| Interest Cost   | 4 559 400         | 4 401 759         |
| Benefits Paid   | (1 371 126)       | (1 304 409)       |
| Actuarial (gains)/losses                                      | (9 092 486)       | 4 113             |
| Present value of fund obligation at the end of the year       | 53 930 000        | 56 847 812        |
| <b>Less:</b> Transfer of Current Portion - Note 20            | (1 522 000)       | (1 263 000)       |
| <b>Balance 30 June</b>  | <b>52 408 000</b> | <b>55 584 812</b> |

**Sensitivity Analysis on the Accrued Liability**

| <b>Assumption</b>   | <b>In-service members liability (R'000)</b> | <b>Continuation members liability (R'000)</b> | <b>Total liability (R'000)</b> |
|---------------------|---|---|--------------------------------|
| Central Assumptions | 35 087                                      | 18 843  | 53 930                         |

The effect of movements in the assumptions are as follows:

| <b>Assumption</b>     | <b>Change</b> | <b>In-service members liability (R'000)</b> | <b>Continuation members liability (R'000)</b> | <b>Total liability (R'000)</b> | <b>% change</b> |
|-----------------------|---------------|---|---|--------------------------------|-----------------|
| Central assumptions   |               | 35 087                                      | 18 843  | 53 930                         |                 |
| Health care inflation | 1%            | 39 672                                      | 21 305  | 60 977                         | 13              |
| Health care inflation | -1%           | 30 576                                      | 16 421  | 46 997                         | -13             |
| Mortality rate        | 20%           | 32 577                                      | 17 495  | 50 072                         | -7              |
| Mortality rate        | -20%          | 38 218                                      | 20 525  | 58 743                         | 9               |

**24.2 Long Service Bonuses**

The Long Service Bonus plans are defined benefit plans.

|  |             |             |
|--|-------------|-------------|
| As at year end, the following number of employees were eligible for Long Service Bonuses | 504         | 504         |
| <b>i) Rate of interest</b>   | <b>2013</b> | <b>2012</b> |
| Discount rate  | 7.40%       | 6.30%       |
| General Salary Inflation (long-term)   | 6.66%       | 5.98%       |
| Net Effective Discount Rate applied to salary-related Long Service Bonuses               | 0.69%       | 0.31%       |

|  |             |             |
|--|-------------|-------------|
|  | <b>2013</b> | <b>2012</b> |
|  | <b>R</b>    | <b>R</b>    |

The amounts recognised in the Statement of Financial Position are as follows:

|                                   |                  |                  |
|-----------------------------------|------------------|------------------|
| Present value of fund obligations | 5 076 000        | 2 138 041        |
| <b>Net liability</b>              | <b>5 076 000</b> | <b>2 138 041</b> |

|   |                  |                  |                  |
|---|------------------|------------------|------------------|
| The liability in respect of periods commencing prior to the comparative year has been estimated as follows: | <b>2011</b>      | <b>2010</b>      | <b>2009</b>      |
|   | <b>R</b>         | <b>R</b>         | <b>R</b>         |
| <b>Net liability</b>  | <b>1 806 355</b> | <b>1 522 979</b> | <b>1 393 580</b> |



**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**EMPLOYEE BENEFITS CONTINUED**

|   | <b>2013</b>      | <b>2012</b>      |
|---|------------------|------------------|
|   | <b>R</b>         | <b>R</b>         |
| <b>Reconciliation of present value of fund obligation:</b>    |                  |                  |
| Present value of fund obligation at the beginning of the year | 2 138 041        | 1 806 355        |
| Total expenses  | 66 909           | 37 962           |
| Current service cost  | 279 377          | 250 706          |
| Interest Cost   | 126 572          | 127 576          |
| Benefits Paid   | (339 040)        | (340 320)        |
| Actuarial (gains)/losses                                      | 2 871 050        | 293 724          |
| Present value of fund obligation at the end of the year       | 5 076 000        | 2 138 041        |
| <b>Less:</b> Transfer of Current Portion - Note 20            | (565 000)        | (264 669)        |
| <b>Balance 30 June</b>  | <b>4 511 000</b> | <b>1 873 372</b> |

**Sensitivity Analysis on the Unfunded Accrued Liability**

| <b>Assumption</b>        | <b>Change</b> | <b>Liability<br/>(R'000)</b> | <b>% change</b> |
|--------------------------|---------------|------------------------------|-----------------|
| Central assumptions      |               | 5 076                        |                 |
| General salary inflation | 1.00%         | 5 440                        | 7%              |
| General salary inflation | -1.00%        | 4 747                        | -6%             |
| Withdrawal rates         | 20%           | 4 788                        | -6%             |
| Withdrawal rates         | -20%          | 5 402                        | 6%              |

**24.3 Ex-Gratia Pension Benefits**

The Ex-Gratia Pension Benefits plans are defined benefit plans.

|  |    |    |
|--|----|----|
| As at year end, the following number of employees were eligible for Ex-Gratia Pension Benefits | 42 | 47 |
|--|----|----|

**i) Rate of interest**

|  |       |        |
|--|-------|--------|
| Discount rate  | 7.40% | 6.13%  |
| General Salary Inflation (long-term)                                       | 6.91% | 6.26%  |
| Net Effective Discount Rate applied to salary-related Long Service Bonuses | 0.46% | -0.13% |

|   | <b>2013</b>    | <b>2012</b>    |
|---|----------------|----------------|
|   | <b>R</b>       | <b>R</b>       |
| <b>The amounts recognised in the Statement of Financial Position are as follows:</b>                        |                |                |
| Present value of fund obligations   | 340 000        | 337 065        |
| <b>Net liability</b>  | <b>340 000</b> | <b>337 065</b> |
| The liability in respect of periods commencing prior to the comparative year has been estimated as follows: |                |                |
|   | <b>2011</b>    | <b>2010</b>    |
|   | <b>R</b>       | <b>R</b>       |
| <b>Net liability</b>  | <b>327 352</b> | <b>346 951</b> |
|   | <b>2013</b>    | <b>2012</b>    |
|   | <b>R</b>       | <b>R</b>       |

**Reconciliation of present value of fund obligation:**

|   |                |                |
|---|----------------|----------------|
| Present value of fund obligation at the beginning of the year | 337 065        | 327 352        |
| Total expenses  | (80 397)       | 15 633         |
| Current service cost  | 4 044          | 3 975          |
| Interest Cost   | 20 559         | 26 436         |
| Benefits Paid   | (105 000)      | (14 778)       |
| Actuarial (gains)/losses                                      | 83 332         | (5 920)        |
| Present value of fund obligation at the end of the year       | 340 000        | 337 065        |
| <b>Less:</b> Transfer of Current Portion - Note               | (105 000)      | (112 741)      |
| <b>Balance 30 June</b>  | <b>235 000</b> | <b>224 324</b> |

# WITZENBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### EMPLOYEE BENEFITS CONTINUED

| 24.4 Retirement funds   | 2013<br>R            | 2012<br>R            |
|---|----------------------|----------------------|
| <b><u>CAPE JOINT PENSION FUND</u></b>   |                      |                      |
| <p>The funding level of the CJPF Defined Benefit section was 98.1% as at the 30 June 2011 valuation date compared with a 100% funding level as at 30 June 2010. The valuation actuary recommended a total contribution rate of 32.40% which was in excess of the 27.0% contribution rate prevailing as at 30 June 2011.</p>   |                      |                      |
| Contributions paid recognised in the Statement of Financial Performance   | 319 071              | 251 351              |
| <b><u>SOUTH AFRICAN LOCAL AUTHORITIES PENSION FUND</u></b>  |                      |                      |
| <p>The funding level at the most recent actuarial valuation (1 July 2011) of 98.1% was calculated on a Discounted Cash Flow (DCF) basis. This deficit was lower than as at the previous valuation on 1 July 2010. The valuation actuary recommended that the prevailing employer contribution rate at 1 July 2011 be maintained at 19.18%. This includes a margin of 3.53% over and above the contribution rate required to fund the Projected Unit Method future service benefits and associated costs. The valuation actuary expected that the funding level would be close to 100% as at the next statutory valuation date of 1 July 2012.</p> |                      |                      |
| Contributions paid recognised in the Statement of Financial Performance   | 262 930              | 241 334              |
| <b><u>DEFINED CONTRIBUTION FUNDS</u></b>  |                      |                      |
| <p>Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, Nationale Fund for Municipale Employees (IMATU) and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.</p>   |                      |                      |
| Contributions paid recognised in the Statement of Financial Performance   |                      |                      |
| Cape Joint Retirement Fund  | 7 462 622            | 6 878 930            |
| Municipal Councillors Pension Fund  | 200 402              | 288 103              |
| Nasionale Fonds Vir Munisipale Werknemers (IMATU)   | 94 286               | 83 999               |
| SAMWU National Provident Fund   | 2 431 021            | 2 375 442            |
|   | 10 188 331           | 9 626 474            |
| <b>25 NET ASSET RESERVES</b>  |                      |                      |
| Capital Replacement Reserve   | 8 565 886            | 6 414 513            |
| <b>Total Net Asset Reserves</b>   | <b>8 565 886</b>     | <b>6 414 513</b>     |
| <b>26 PROPERTY RATES</b>  | <b>2013<br/>R</b>    | <b>2012<br/>R</b>    |
| <b><u>Actual</u></b>  |                      |                      |
| <b>Rates Levied</b>   | 44 709 660           | 38 071 975           |
| Business  | 7 807 814            | 5 669 553            |
| Building Clauses  | 106 371              | 34 651               |
| Rural   | 10 163 055           | 7 806 394            |
| Industrial  | 4 532 741            | 4 165 394            |
| Residential   | 16 724 092           | 15 508 888           |
| State   | 4 495 817            | 4 024 023            |
| Vacant Land   | 871 604              | 855 524              |
| Public Service Infrastructure   | 8 166                | 7 548                |
| Less: Revenue Forgone   | (479 189)            | (447 351)            |
| <b>Total Assessment Rates</b>   | <b>44 230 471</b>    | <b>37 624 624</b>    |
| <b><u>Valuations - 1 JULY</u></b>   |                      |                      |
| <b>Rateable Land and Buildings</b>  |                      |                      |
| Residential Property  | 2 414 481 366        | 2 379 660 190        |
| Commercial Property   | 674 844 700          | 609 952 122          |
| Industrial Property   | 322 615 000          | 323 842 000          |
| Informal Property   | 22 246 000           | 21 816 000           |
| Agricultural Purposes   | 3 802 219 623        | 3 847 479 123        |
| State - National/ Provincial Services   | 320 327 000          | 317 813 000          |
| Municipal Property  | 258 255 260          | 280 572 510          |
| Vacant Property   | 89 618 884           | 91 464 310           |
| <b>Total Valuation</b>  | <b>7 904 607 833</b> | <b>7 872 599 255</b> |

# WITZENBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### PROPERTY RATES CONTINUED

Assessment Rates are levied on the value of land and improvements. The valuation is performed every 4 years. The last valuation came into effect on 1 July 2009. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

#### Rates:

|                        |          |          |
|------------------------|----------|----------|
| Residential            | 0.740c/R | 0.685c/R |
| Commercial             | 1.405c/R | 1.301c/R |
| Industrial             | 1.405c/R | 1.301c/R |
| Bona Fide Agricultural | 0.185c/R | 0.171c/R |

Rates are levied annually and monthly. Monthly rates are payable by the 15th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates were granted on land with buildings used solely for dwellings purposes as follows:  
Residential - The first R15 000 on the valuation is exempted.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

|  | 2013<br>R          | 2012<br>R          |
|--|--------------------|--------------------|
| <b>27 GOVERNMENT GRANTS AND SUBSIDIES</b>    |                    |                    |
| <b>Unconditional Grants</b>                  | <b>46 200 000</b>  | <b>39 305 000</b>  |
| Equitable Share                              | 46 200 000         | 39 305 000         |
| <b>Conditional Grants</b>                    | <b>99 232 310</b>  | <b>73 660 489</b>  |
| Grants and donations                         | 99 232 310         | 72 995 489         |
| Subsidies                                    | -                  | 665 000            |
| <b>Total Government Grants and Subsidies</b> | <b>145 432 310</b> | <b>112 965 489</b> |
| Government Grants and Subsidies - Capital    | 73 085 201         | 58 971 308         |
| Government Grants and Subsidies - Operating  | 72 347 109         | 53 994 181         |
|  | <b>145 432 310</b> | <b>112 965 489</b> |

Please refer to appendix D for more detailed disclosure of Government Grants and Subsidies

The Municipality does not expect any significant changes to the level of grants

#### 27.1 Equitable share

|  |              |              |
|--|--------------|--------------|
| Grants received  | 46 200 000   | 39 305 000   |
| Conditions met - Operating                                     | (46 200 000) | (39 305 000) |
| Conditions still to be met/(Grant expenditure to be recovered) | -            | -            |

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

#### 27.2 Local Government Financial Management Grant (FMG)

|  |                 |                  |
|--|-----------------|------------------|
| Opening balance  | (422 255)       | (328 669)        |
| Grants received  | 1 250 000       | 1 250 000        |
| Conditions met - Operating                                     | (1 055 217)     | (1 343 586)      |
| Write off / Transfers  | 167 188         | -                |
| Conditions still to be met/(Grant expenditure to be recovered) | <b>(60 284)</b> | <b>(422 255)</b> |

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

#### 27.3 Municipal Systems Improvement Grant

|  |           |                |
|--|-----------|----------------|
| Opening balance  | 106 274   | 21 831         |
| Grants received  | 800 000   | 1 200 000      |
| Conditions met - Operating                                     | (162 824) | (442 043)      |
| Conditions met - Capital                                       | (743 450) | (673 514)      |
| Conditions still to be met/(Grant expenditure to be recovered) | -         | <b>106 274</b> |

The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.

**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

|   | <b>2013</b>         | <b>2012</b>        |
|---|---------------------|--------------------|
|   | <b>R</b>            | <b>R</b>           |
| <b>GOVERNMENT GRANTS AND SUBSIDIES CONTINUED</b>  |                     |                    |
| <b>27.4 Municipal Infrastructure Grant (MIG)</b>  |                     |                    |
| Opening balance   | (804 844)           | (1 211 704)        |
| Grants received   | 22 112 000          | 18 229 000         |
| Conditions met - Operating  | (2 658 286)         | (2 091 353)        |
| Conditions met - Capital  | (19 406 535)        | (15 730 787)       |
| Conditions still to be met/(Grant expenditure to be recovered)  | <b>(757 665)</b>    | <b>(804 844)</b>   |
| The grant was used to upgrade infrastructure in previously disadvantaged areas.   |                     |                    |
| <b>27.5 Housing Grants</b>  |                     |                    |
| Opening balance   | 6 193 692           | 3 652 233          |
| Grants received   | 23 311 641          | 15 703 209         |
| Conditions met - Operating  | (11 553 893)        | (1 394 363)        |
| Conditions met - Capital  | (13 385 901)        | (11 767 387)       |
| Conditions still to be met/(Grant expenditure to be recovered)  | <b>4 565 539</b>    | <b>6 193 692</b>   |
| Housing grants was utilised for the development of erven and the erection of top structures.  |                     |                    |
| <b>27.6 Integrated National Electrification Grant</b>   |                     |                    |
| Opening balance   | (824 041)           | 772 895            |
| Conditions met - Operating  | (146 000)           | (189 836)          |
| Conditions met - Capital  | -                   | (1 407 100)        |
| Conditions still to be met/(Grant expenditure to be recovered)  | <b>(970 041)</b>    | <b>(824 041)</b>   |
| The National Electrification Grant was used for electrical connections in previously disadvantaged areas.   |                     |                    |
|   | <b>R</b>            | <b>R</b>           |
| <b>27.7 Other Grants</b>  |                     |                    |
| Opening balance   | 3 289 056           | 5 992 723          |
| Grants received   | 34 844 825          | 35 916 856         |
| Conditions met - Operating  | (10 327 678)        | (9 228 003)        |
| Conditions met - Capital  | (39 549 315)        | (29 392 520)       |
| Write off / Transfers   | (167 188)           | -                  |
| Conditions still to be met/(Grant expenditure to be recovered)  | <b>(11 910 300)</b> | <b>3 289 056</b>   |
| Various grants were received from other spheres of government (e.g. Library fund and Skills Development Grant)  |                     |                    |
| <b>27.8 Total Grants</b>  |                     |                    |
| Opening balance   | 7 537 882           | 8 899 309          |
| Grants received   | 128 518 466         | 111 604 065        |
| Conditions met - Operating  | (72 103 898)        | (53 994 184)       |
| Conditions met - Capital  | (73 085 201)        | (58 971 308)       |
| Conditions still to be met/(Grant expenditure to be recovered)  | <b>(9 132 751)</b>  | <b>7 537 882</b>   |
| <u>Disclosed as follows:</u>  |                     |                    |
| Unspent Conditional Government Grants and Receipts  | 6 545 350           | 13 137 816         |
| Unpaid Conditional Government Grants and Receipts   | (15 678 100)        | (5 599 933)        |
|   | <b>(9 132 750)</b>  | <b>7 537 883</b>   |
| <b>28 SERVICE CHARGES</b>   |                     |                    |
| Electricity   | 148 438 054         | 129 808 712        |
| Water   | 30 752 672          | 29 191 110         |
| Refuse removal  | 20 860 896          | 19 661 672         |
| Sewerage and Sanitation Charges   | 20 290 957          | 17 168 496         |
| Bulk service levies   | 1 120 532           | 409 110            |
|   | 221 463 111         | 196 239 100        |
| Less: Revenue Forgone   | (13 619 614)        | (16 165 179)       |
| <b>Total Service Charges</b>  | <b>207 843 497</b>  | <b>180 073 921</b> |
| Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission. |                     |                    |

**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

| 29 | <b>OTHER INCOME</b>                | <b>2013</b>      | <b>2012</b>      |
|----|------------------------------------|------------------|------------------|
|    |                                    | <b>R</b>         | <b>R</b>         |
|    | Application fees - Town Planning   | 69 862           | 54 027           |
|    | Building Plan Fees                 | 894 089          | 529 358          |
|    | Cemetery Fees                      | 194 353          | 198 585          |
|    | Clip Cards                         | 205 995          | 103 008          |
|    | Collection Fees                    | 8 792            | 2 047            |
|    | Damages Income                     | 9 594            | 17 813           |
|    | Housing                            | 283 027          | 239 460          |
|    | Insurance Claims Received          | 362 697          | 244 748          |
|    | Re-connection fees                 | 220 025          | 175 768          |
|    | Refuse Bags                        | 6 489            | 5 597            |
|    | Servitudes                         | 880 811          | -                |
|    | Skills Development Levies received | 381 421          | 97 632           |
|    | Special Projects                   | 33 840           | 32 178           |
|    | Sundry Income                      | 985 795          | 2 415 696        |
|    | <b>Total Other Income</b>          | <b>4 536 790</b> | <b>4 115 917</b> |

| 30 | <b>EMPLOYEE RELATED COSTS</b>                                     |                   |                   |
|----|---|-------------------|-------------------|
|    | Salaries and Wages  | 63 726 386        | 56 902 632        |
|    | Bargaining Council Levy   | 49 297            | 26 765            |
|    | Bonuses   | 5 042 542         | 4 885 413         |
|    | Contributions For Pensions  | 10 043 620        | 9 074 785         |
|    | Contributions For Medical Aids                                    | 4 305 233         | 3 895 804         |
|    | Contributions For UIF   | 626 503           | 576 224           |
|    | Ex-Gratia Pension   | (97 214)          | 3 975             |
|    | Group Life Insurance  | 1 305 810         | 1 160 272         |
|    | Housing Benefits and Allowances                                   | 676 269           | 704 452           |
|    | Leave Reserve   | 290 589           | 2 241 663         |
|    | Long service awards   | 279 377           | 250 706           |
|    | Overtime  | 4 559 151         | 4 389 813         |
|    | Post Employment Health Care Benefits                              | 2 986 400         | 2 728 332         |
|    | Travel, Motor Car, Accomodation, Subsistance and Other Allowances | 3 525 330         | 2 849 380         |
|    |   | 97 319 293        | 89 690 216        |
|    | Less: Employee Cost allocated elsewhere                           | (388 939)         | (388 620)         |
|    | <b>Total Employee Related Costs</b>                               | <b>96 930 354</b> | <b>89 301 596</b> |

**KEY MANAGEMENT PERSONNEL**

The Municipal Manager and Directors are appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract period.

**REMUNERATION OF KEY MANAGEMENT PERSONNEL**

***Remuneration of the Municipal Manager***

|   |                  |                  |
|---|------------------|------------------|
| Annual Remuneration   | 826 531          | 771 370          |
| Performance Bonuses   | -                | 140 903          |
| Car Allowance   | 108 000          | 108 000          |
| Contributions to UIF, Medical, Pension Funds and Bargaining Council | 203 056          | 188 772          |
| <b>Total</b>  | <b>1 137 587</b> | <b>1 209 045</b> |

***Remuneration of the Director Technical Services***

|   |                |                |
|---|----------------|----------------|
| Annual Remuneration   | 665 061        | 339 272        |
| Performance Bonuses   | -              | 108 496        |
| Travelling Allowance  | 137 500        | 50 478         |
| Contributions to UIF, Medical, Pension Funds and Bargaining Council | 3 128          | 89 624         |
| <b>Total</b>  | <b>805 689</b> | <b>587 870</b> |

***Remuneration of the Director Corporate Services***

|   |                |                |
|---|----------------|----------------|
| Annual Remuneration   | 632 769        | 588 053        |
| Performance Bonuses   | -              | 108 495        |
| Travelling Allowance  | 119 363        | 119 363        |
| Contributions to UIF, Medical, Pension Funds and Bargaining Council | 124 588        | 115 743        |
| <b>Total</b>  | <b>876 719</b> | <b>931 654</b> |

***Remuneration of the Director Financial Services***

|   |                |                |
|---|----------------|----------------|
| Annual Remuneration   | 474 576        | 588 053        |
| Performance Bonuses   | -              | 108 495        |
| Car Allowance   | 89 522         | 119 363        |
| Acting Allowance  | 0              | 5 651          |
| Contributions to UIF, Medical, Pension Funds and Bargaining Council | 91 395         | 115 743        |
| <b>Total</b>  | <b>655 493</b> | <b>937 305</b> |

**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

|  | <b>2013<br/>R</b>  | <b>2012<br/>R</b>  |
|--|--------------------|--------------------|
| <b>EMPLOYEE RELATED COSTS CONTINUED</b>  |                    |                    |
| <i><b>Remuneration of the Director Community Services</b></i>  |                    |                    |
| Annual Remuneration  | 606 172            | 587 223            |
| Performance Bonuses  | -                  | 108 495            |
| Car Allowance  | 57 689             | 86 534             |
| Contributions to UIF, Medical, Pension Funds and Bargaining Council  | 105 954            | 149 401            |
| <b>Total</b>   | <b>769 816</b>     | <b>931 653</b>     |
| The performance bonuses for the 2011/2012 financial year were paid during July 2013  |                    |                    |
| <b>31 REMUNERATION OF COUNCILLORS</b>  |                    |                    |
| Executive Mayor  | 579 550            | 558 662            |
| Deputy Mayor   | 453 252            | 436 081            |
| Speaker  | 481 423            | 455 200            |
| Mayoral Committee Members  | 1 777 284          | 1 711 828          |
| Ordinary Councillors   | 2 855 032          | 2 724 945          |
| Pension fund contributions   | 759 732            | 734 935            |
| Medical aid contributions  | 26 052             | 17 280             |
| <b>Total Councillors' Remuneration</b>   | <b>6 932 325</b>   | <b>6 638 931</b>   |
| <i><b>In-kind Benefits</b></i>   |                    |                    |
| The Executive Mayor, Speaker and all the Mayoral committee members are full-time. The Executive Mayor, Speaker and all the Mayoral committee members are provided with secretarial support and an office at the cost of the Council. |                    |                    |
| <b>32 DEBT IMPAIRMENT</b>  |                    |                    |
| Long term Receivables - Note 6   | -                  | 152 657            |
| Receivables from exchange transactions - Note 3  | 16 840 361         | 19 696 600         |
| Receivables from non-exchange transactions - Note 4  | 2 882 345          | 788 076            |
| <b>Total Contribution to Debt Impairment</b>   | <b>19 722 706</b>  | <b>20 637 333</b>  |
| <b>33 DEPRECIATION AND AMORTISATION</b>  |                    |                    |
| Property Plant and Equipment   | 12 260 573         | 10 561 261         |
| Investment Property  | 288 293            | 384 002            |
| Intangible Assets  | 636 289            | 535 193            |
| Capitalised restoration cost   | 810 522            | 1 019 307          |
|  | <b>13 995 677</b>  | <b>12 499 763</b>  |
| <b>34 IMPAIRMENTS</b>  |                    |                    |
| Property Plant & Equipment   | 449 054            | 242                |
|  | <b>449 054</b>     | <b>242</b>         |
| <b>35 FINANCE CHARGES</b>  |                    |                    |
| Long-term Liabilities  | 5 636 698          | 6 571 400          |
| Ex-Gratia Pension  | 20 559             | 26 436             |
| Bank Overdraft   | 7                  | 25                 |
| Post Employment Health Care Benefits   | 4 559 400          | 4 401 759          |
| Long service awards  | 126 572            | 127 576            |
| Capitalised restoration cost   | 975 998            | 1 087 271          |
| Other  | -                  | 38 005             |
| <b>Total finance charges</b>   | <b>11 319 234</b>  | <b>12 252 472</b>  |
| <b>36 BULK PURCHASES</b>   |                    |                    |
| Electricity  | 118 180 997        | 102 547 908        |
| <b>Total Bulk Purchases</b>  | <b>118 180 997</b> | <b>102 547 908</b> |
| <b>37 GRANTS AND SUBSIDIES</b>   |                    |                    |
| Sport  | 36 700             | 50 000             |
| Council  | 147 210            | 216 054            |
| Tourism  | 583 452            | 527 750            |
| <b>Total Grants and Subsidies</b>  | <b>767 362</b>     | <b>793 804</b>     |

**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

| <b>38</b>   | <b>GENERAL EXPENSES</b>  | <b>2013</b>       | <b>2012</b>        |
|-------------|--|-------------------|--------------------|
|             |  | <b>R</b>          | <b>R</b>           |
|             | Audit Fees   | 3 191 390         | 2 197 757          |
|             | Bank Charges   | 379 118           | 423 928            |
|             | Cellphone  | 442 711           | 438 079            |
|             | Chemicals  | 935 426           | 770 154            |
|             | Communication & Events   | 287 065           | 234 549            |
|             | Commission   | 1 234 273         | 859 644            |
|             | Consultant Fees  | 72 429            | 428 303            |
|             | Developing Projects  | 166 489           | 196 059            |
|             | Entertainment  | 495 206           | 486 303            |
|             | Escom Electricity  | 962 093           | 671 316            |
|             | Expenditure against Public Donations                                     | 270 021           | 226 007            |
|             | Indigent costs   | 454 068           | 710 011            |
|             | Insurance  | 840 544           | 782 949            |
|             | Investigations   | 434 628           | 443 167            |
|             | Koekedouw  | 75 407            | 214 528            |
|             | Membership Fees  | 807 523           | 674 381            |
|             | Printing and Stationary  | 1 899 084         | 2 321 138          |
|             | Projects   | 376 706           | 329 837            |
|             | Protective Clothing  | 529 734           | 417 834            |
|             | Professional Fees  | 698 200           | -                  |
|             | Refuse bags  | 1 118 835         | 975 045            |
|             | Rental of Offices  | 438 930           | 458 095            |
|             | Sewerage anlysis   | 593 493           | 461 876            |
|             | Strategic Partnerships   | 278 368           | 322 465            |
|             | Telephone and Postage  | 1 694 113         | 1 791 621          |
|             | Training   | 881 143           | 492 105            |
|             | Travel and Accommodation   | 1 125 548         | 1 490 281          |
|             | TV Transponder   | 157 208           | 210 328            |
|             | Valuation Costs  | 1 055 685         | 242 043            |
|             | Vehicle Fleet Costs  | 5 211 058         | 4 790 679          |
|             | Veterinary Expenses  | 313 769           | 339 250            |
|             | Ward Committee Allowance   | 541 000           | -                  |
|             | Wards  | 280 088           | 80 126             |
|             | Water levies   | 490 618           | 290 852            |
|             | Other  | 2 648 104         | 1 470 449          |
|             | <b>General Expenses</b>  | <b>31 380 075</b> | <b>26 241 159</b>  |
|             |  | <hr/>             | <hr/>              |
| <b>39</b>   | <b>CORRECTION OF ERROR IN TERMS OF GRAP 3</b>                            |                   |                    |
| <b>39.1</b> | <b>Long-term Liabilities</b>   |                   |                    |
|             | <b>Balance previously reported</b>                                       |                   | <b>45 165 745</b>  |
|             | Correction of Redemption on Nedbank Loans Previous years - Note 39.5     |                   | 102 266            |
|             | Correction of Redemption on Nedbank Loans: 2011/2012 - Note 39.6         |                   | 7 763              |
|             | <b>Balance now reported</b>  |                   | <b>45 275 774</b>  |
|             |  |                   | <hr/>              |
| <b>39.2</b> | <b>Property, Plant and Equipment</b>                                     |                   |                    |
|             | <b>Balance previously reported</b>                                       |                   | <b>481 183 784</b> |
|             | Heritage assets was included in Property Plant & Equipment - Note 39.3   |                   | (550 000)          |
|             | Correction of carrying value of assets - Note 39.6                       |                   | 4 503              |
|             | Correction of prior year depreciation - Note 39.5                        |                   | (38 500)           |
|             | Intangible assets was included in Property Plant & Equipment - Note 39.4 |                   | (132 593)          |
|             | <b>Balance now reported</b>  |                   | <b>480 467 195</b> |
|             |  |                   | <hr/>              |
| <b>39.3</b> | <b>Heritage assets</b>   |                   |                    |
|             | <b>Balance previously reported</b>                                       |                   | -                  |
|             | Heritage assets was included in Property Plant & Equipment - Note 39.2   |                   | 550 000            |
|             | <b>Balance now reported</b>  |                   | <b>550 000</b>     |
|             |  |                   | <hr/>              |
| <b>39.4</b> | <b>Intangible Assets</b>   |                   |                    |
|             | <b>Balance previously reported</b>                                       |                   | <b>1 477 002</b>   |
|             | Intangible assets was included in Property Plant & Equipment - Note 39.2 |                   | 132 593            |
|             | <b>Balance now reported</b>  |                   | <b>1 609 595</b>   |
|             |  |                   | <hr/>              |
| <b>39.5</b> | <b>Net Surplus For The Year</b>  |                   |                    |
|             | <b>Surplus previously reported</b>                                       |                   | <b>52 345 292</b>  |
|             | Correction of Redemption on Nedbank Loans: 2011/2012 - Note 39.1         |                   | (7 763)            |
|             | Correction of Capitalised Restoration Cost - Note 39.7                   |                   | 355 502            |
|             | Correction of prior year depreciation - Note 39.2                        |                   | (38 500)           |
|             | <b>Surplus now reported</b>  |                   | <b>52 654 531</b>  |
|             |  |                   | <hr/>              |

**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

|  | 2013<br>R           | 2012<br>R           |
|--|---------------------|---------------------|
| <b>CORRECTION OF ERROR IN TERMS OF GRAP 3</b>  |                     |                     |
| <b>39.6 Accumulated Surplus/(Deficit) 1 July 2011</b>                                      |                     |                     |
| Balance previously reported  |                     | <b>365 717 810</b>  |
| Correction of Redemption on Nedbank Loans Previous years - Note 39.1                       |                     | (102 266)           |
| Correction of carrying value of assets - Note 39.2   |                     | 4 503               |
| Balance now reported   |                     | <b>365 620 047</b>  |
| <b>39.7 Capitalised Restoration Cost</b>   |                     |                     |
| Balance previously reported  |                     | <b>509 520</b>      |
| Correction of Capitalised Restoration Cost - Note 39.5                                     |                     | 355 502             |
| Balance now reported   |                     | <b>865 022</b>      |
| <b>40 RECONCILIATION BETWEEN NET SURPLUS FOR THE YEAR AND CASH GENERATED BY OPERATIONS</b> |                     |                     |
| Surplus/(Deficit) for the year   | 90 885 701          | 52 654 531          |
| <b>Adjustments for:</b>  |                     |                     |
| Depreciation   | 13 359 389          | 11 964 569          |
| Amortisation of Intangible Assets  | 636 289             | 535 194             |
| Gain on disposal of property, plant and equipment  | (2 500)             | (289 112)           |
| Loss on disposal of property, plant and equipment  | -                   | 563 145             |
| Gain on Adjustment of Provision  | (598 555)           | (355 502)           |
| Unamortised Discount on Loans  | 1 821 294           | 1 725 569           |
| Debt Impairment  | 19 722 706          | 20 484 676          |
| Debt Impairment - Long term receivables  | -                   | 152 657             |
| Stock Adjustments  | (1 728)             | (9 326)             |
| Contribution from/to provisions  | 975 998             | 1 203 519           |
| Contribution from/to employee benefits   | 6 743 232           | 5 704 328           |
| Actuarial Loss   | (6 138 104)         | 291 917             |
| Impairment written off   | 449 054             | 242                 |
| Operating lease income accrued   | 3 948               | 900                 |
| Operating Surplus/(Deficit) before changes in working capital                              | 127 856 724         | 94 627 307          |
| Changes in working capital   | (34 521 320)        | (8 932 369)         |
| Increase/(Decrease) in Trade and Other Payables  | 6 153 266           | 12 227 817          |
| Increase/(Decrease) in Unspent Conditional Government Grants and Receipts                  | (6 592 466)         | (1 956 264)         |
| Increase/(Decrease) in Unspent Public Contributions  | (74 978)            | 334 073             |
| Increase/(Decrease) in Taxes   | (782 862)           | (1 955 769)         |
| (Increase)/Decrease in Inventory   | 16 681              | (51 236)            |
| (Increase)/Decrease in Trade and other receivables   | (23 162 794)        | (18 125 830)        |
| (Increase)/Decrease in Unpaid Conditional Government Grants and Receipts                   | (10 078 167)        | 594 840             |
| <b>Cash generated/(absorbed) by operations</b>   | <b>93 335 404</b>   | <b>85 694 938</b>   |
| <b>41 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES</b>                        |                     |                     |
| Cash and Cash Equivalents - Note 2   | 30 853 256          | 32 561 784          |
| Investments - Note 10  | 105 062             | 105 062             |
|  | 30 958 318          | 32 666 846          |
| Less:  | 6 545 350           | 13 137 816          |
| Unspent Committed Conditional Grants - Note 7  | 6 545 350           | 13 137 816          |
| <b>Resources available for working capital requirements</b>                                | <b>24 412 968</b>   | <b>19 529 030</b>   |
| <b>Allocated to:</b>   |                     |                     |
| Capital Replacement Reserve  | 8 565 886           | 6 414 513           |
| Employee Benefits Reserve  | 69 680 114          | 69 074 984          |
| Non-Current Provisions Reserve   | 16 774 616          | 14 209 553          |
| <b>Shortfall in working capital requirements</b>   | <b>(70 607 648)</b> | <b>(70 170 020)</b> |
| <b>42 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION</b>                              |                     |                     |
| Long-term Liabilities - Note 22  | 44 898 669          | 52 115 199          |
| Used to finance property, plant and equipment - at cost                                    | (44 898 669)        | (52 115 199)        |



## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

43

## BUDGET COMPARISONS

## Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:

|  |    |                   |
|--|----|-------------------|
| Net surplus/deficit per the statement of financial performance |    | <b>90 885 701</b> |
| Adjusted for:  |    |                   |
| Fair value adjustments   | a) | 6 138 104         |
| Depreciation and Amortisation recognised / reversed            | b) | (4 627 665)       |
| Increases in debt impairment                                   | c) | 5 760 426         |
| Employee related cost  | d) | (3 533 847)       |
| Finance Charges  | e) | (3 297 906)       |
| Bulk Purchases   | f) | (4 078 151)       |
| Operating Grant Expenditure                                    | g) | (8 012 941)       |
| Other Expenditure  | h) | (6 627 822)       |
| Rates & Service Charges  | i) | 6 925 325         |
| Grants & Donations   | j) | 9 064 915         |
| Other Income   | k) | 711 218           |
| Net surplus/deficit per approved budget                        |    | <b>76 726 223</b> |

- a) Actuarial gains on Employee Benefits
- b) Depreciation less than expected due to slow capital spending
- c) Collection ratio less than expected.
- d) Employee cost less than budget due to vacancies not filled timeously
- e) Loans redeemed
- f) Bulk purchases less than expected.
- g) Unforeseen delays in housing delivery
- h) Other expenditure less than expected.
- i) Property rates increase due to the inclusion of the District Management Area
- j) Improved spending of Grants received.
- k) More interest earned than expected.

Please refer to the statement of comparison of budget and actual amounts for more information

44

## UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

44.1 Unauthorised expenditure

## Reconciliation of unauthorised expenditure:

|   |              |              |
|---|--------------|--------------|
| Opening balance                                   | -            | 14 595 714   |
| Unauthorised expenditure current year - capita    | -            | 73 559       |
| Unauthorised expenditure current year - operating | 20 307 803   | 13 649 655   |
| Condoned by council                               | (20 307 803) | (28 318 928) |
| Unauthorised expenditure awaiting authorisation   | -            | -            |

44.2 Irregular expenditure

## Reconciliation of irregular expenditure:

|   |                |           |
|---|----------------|-----------|
| Opening balance                               | -              | 110 720   |
| Irregular expenditure current year            | 430 556        | -         |
| Condoned by Council                           | -              | (110 720) |
| Irregular expenditure awaiting further action | <b>430 556</b> | -         |

The Municipal Manager has subsequent to the year-end ratified the minor breaches of the supply chain management regulations in terms of section 36 (1) (b) of the mentioned regulations.

Please refer to Note 45.7 for more information.

44.3 Material Losses**Water distribution losses**

|   |           |           |
|---|-----------|-----------|
| - Kilolitres purified   | 6 786 705 | 6 666 785 |
| - Kilolitres sold   | 5 330 908 | 4 560 196 |
| - Kilolitres lost during distribution                                   | 1 455 797 | 2 106 589 |
| - Percentage lost during distribution                                   | 21.45%    | 31.60%    |
| - Value of kilolitres lost during distribution                          | 765 011   | 1 525 167 |
| - The value of kilolitres lost is based on the treatment cost of water. |           |           |

**Electricity distribution losses**

|   |             |             |
|---|-------------|-------------|
| - Units purchased (Kwh)                         | 193 057 642 | 190 189 018 |
| - Units sold (Kwh)                              | 176 902 110 | 173 950 236 |
| - Units lost during distribution (Kwh)          | 16 155 532  | 16 238 782  |
| - Percentage lost during distribution           | 8.37%       | 8.54%       |
| - Value of units lost during distribution (Kwh) | 9 889 673   | 8 755 780   |

**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**45 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**

**45.1 Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS**

|   |           |           |
|---|-----------|-----------|
| Council subscriptions   | 801 114   | 667 416   |
| Amount paid - current year  | (801 114) | (667 416) |
| <b>Balance unpaid (included in Payables from exchange transactions)</b> | <b>-</b>  | <b>-</b>  |

**45.2 Audit fees - [MFMA 125 (1)(c)]**

|   |           |                |
|---|-----------|----------------|
| Opening balance   | 416 828   | 291 989        |
| Current year audit fee  | 3 408 526 | 3 490 996      |
| External Audit - Auditor-General  | 3 191 390 | 1 905 768      |
| Internal Audit  | 157 765   | 1 505 062      |
| Audit Committee   | 59 371    | 80 166         |
| Amount paid - current year  | 3 408 526 | (3 074 168)    |
| Amount paid - previous year   | 416 828   | (291 989)      |
| <b>Balance unpaid (included in Payables from exchange transactions)</b> | <b>-</b>  | <b>416 828</b> |

**45.3 VAT - [MFMA 125 (1)(c)]**

|   | <b>2013<br/>R</b>  | <b>2012<br/>R</b> |
|---|--------------------|-------------------|
| Opening balance                                 | (988 597)          | 678 043           |
| Amounts received - Output VAT - current year    | (38 931 399)       | (19 593 009)      |
| Amounts claimed - Input VAT - current year      | 34 129 406         | 16 324 400        |
| Amount paid - current year                      | 2 804 777          | 2 280 012         |
| Amount paid - previous year                     | 988 597            | (678 043)         |
| <b>Closing balance</b>                          | <b>(1 997 217)</b> | <b>(988 597)</b>  |
| Vat in suspense due to cash basis of accounting |                    |                   |
| Input VAT                                       | 4 394 550          | 5 374 873         |
| Output VAT                                      | (2 042 501)        | (3 805 686)       |
| Receivable                                      | 2 352 049          | 1 569 187         |

VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.

**45.4 PAYE, SDL and UIF - [MFMA 125 (1)(c)]**

|   |              |              |
|---|--------------|--------------|
| Current year payroll deductions and Council Contributions               | 11 167 854   | 10 051 891   |
| Amount paid - current year  | (11 167 854) | (10 051 891) |
| <b>Balance unpaid (included in Payables from exchange transactions)</b> | <b>-</b>     | <b>-</b>     |

**45.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]**

|   |              |              |
|---|--------------|--------------|
| Current year payroll deductions and Council Contributions               | 25 239 230   | 21 691 510   |
| Amount paid - current year  | (25 239 230) | (21 691 510) |
| <b>Balance unpaid (included in Payables from exchange transactions)</b> | <b>-</b>     | <b>-</b>     |

**45.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]**

The following Councillors had arrear accounts for more than 90 days as at 30 June 2013

|  | <b>Outstanding<br/>more than 90<br/>days</b> | <b>Outstanding<br/>more than 90<br/>days</b> |
|--|--|--|
| Mouton, JS                                       | 1 888  | 1 664  |
| Phungula, SL&JT                                  | -  | 6 186  |
| <b>Total Councillor Arrear Consumer Accounts</b> | <b>1 888</b>                                 | <b>7 850</b>                                 |

During the year the following Councillors had arrear accounts outstanding for more than 90 days

|                 | <b>Highest Amount<br/>Outstanding</b> | <b>Highest Amount<br/>Outstanding</b> |
|-----------------|---------------------------------------|---------------------------------------|
| Godden, TT&C    | 738                                   | 36 451                                |
| Heradien, P     | 763                                   | 2 844                                 |
| Mouton, JS      | 3 618                                 | 1 755                                 |
| Phungula, SL&JT | 3 221                                 | 7 354                                 |
| Veschini, JA    | 2 363                                 | -                                     |
|                 | <b>10 703</b>                         | <b>48 404</b>                         |

**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**45.7 Disclosers in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005**

**Regulation 36 (2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36 (1) (a)**

|           | <u>Type of deviation</u> |                 |            |             |            |
|-----------|--------------------------|-----------------|------------|-------------|------------|
|           | Amount                   | Single Supplier | Impossible | Impractical | Emergency  |
| July      | 397 720                  | 17              | -          | 15          | 6          |
| August    | 517 710                  | 13              | -          | 19          | 9          |
| September | 844 722                  | 35              | -          | 18          | 12         |
| October   | 659 661                  | 25              | -          | 22          | 4          |
| November  | 552 335                  | 19              | -          | 18          | 16         |
| December  | 523 080                  | 18              | -          | 24          | 7          |
| January   | 521 332                  | 17              | -          | 32          | 11         |
| February  | 398 783                  | 18              | -          | 25          | 11         |
| March     | 830 915                  | 18              | -          | 28          | 11         |
| April     | 627 294                  | 10              | -          | 19          | 22         |
| May       | 864 592                  | 41              | -          | 24          | 9          |
| June      | 522 338                  | 10              | -          | 25          | 12         |
|           | <u>7 260 481</u>         | <u>241</u>      | <u>-</u>   | <u>269</u>  | <u>130</u> |

**Regulation 45 - Details of awards made to close family members of persons in service of State**

| Name of supplier                 | Member of company who has relationship with person in the service of the state | Relationship to person in the service of the state | Name of person in the service of the state | Employer and capacity of person in service of the state   | Value of transactions |
|----------------------------------|--|--|--|---|-----------------------|
| Witzenberg Builders and Painters | G Hanse  | Father   | T Davids                                   | Cape Winelands District Municipality; Health inspector    | 1 995                 |
| Girly's Catering Services        | G De Bruyn   | Mother   | M De Bruyn                                 | Witzenberg Municipality; Clerk Debt collection            | 6 200                 |
| Williams Loodgieters             | SR Williams  | Husband  | R Williams                                 | Department of Health: Nurse                               | 28 654                |
| L & E Blinds                     | AHE De Jongh   | Husband  | E De Jongh                                 | Department of Correctional Services; Correctional officer | 43 626                |
| Queens Cake                      | M Zimri  | Wife   | JJ Zimri                                   | Department of Correctional Services; Correctional officer | 183 548               |
|                                  |  | Mother   | MM Zimri                                   | Witzenberg Municipality; Intern: Financial Services       |                       |
| RRR Cleaning Services            | R Louw   | Father   | RML Louw                                   | Witzenberg Municipality; Artisan, Housing                 | 26 599                |
|                                  |  | Husband  | M Louw                                     | Department of Health: Nurse                               |                       |
| Creative Minds                   | Johan Jordaan  | Husband  | WA Jordaan                                 | Department of Education: Occupational therapist           | 1 300                 |
| Creative Minds                   | R Louw   | Father   | EE Hofmeester                              | Witzenberg Municipality; Building Inspector               | 1 985                 |
|                                  |  | Father   | L Frieslaar                                | Department of Health: Administration officer              |                       |
|                                  |  | Father   | AJ Hofmeester                              | Witzenberg Municipality; IDP Manager                      |                       |
| Creative Minds                   | John Schuurman   | Husband  | R Schuurman                                | Department of Education: Teacher                          | 159 803               |

# WITZENBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| 46 | COMMITMENTS                                   | 2013<br>R         | 2012<br>R         |
|----|---|-------------------|-------------------|
|    | <b>Commitments in respect of expenditure:</b> |                   |                   |
|    | Approved and contracted for.                  | 33 220 633        | 14 903 856        |
|    | Infrastructure                                | 19 418 693        | 8 144 738         |
|    | Community                                     | 5 246 303         | 2 121 479         |
|    | Other Capital                                 | 934 017           | 224 716           |
|    | Operational                                   | 7 621 621         | 4 412 924         |
|    | Approved but not yet contracted for           | 3 014 375         | -                 |
|    | Community                                     | 2 236 884         | -                 |
|    | Operational                                   | 777 491           | -                 |
|    | <b>Total</b>                                  | <b>36 235 008</b> | <b>14 903 856</b> |

## 47 FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

### (a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions

### (b) Price risk

The municipality is not exposed to price risk.

### (c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

|   |          |          |
|---|----------|----------|
| 1% (2012 - 0.5%) Increase in interest rates   | (44 652) | (63 087) |
| 0.5% (2012 - 0.5%) Decrease in interest rates | 44 652   | 63 087   |

### (d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 3 and 4 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 3 for balances included in receivables that were re-negotiated for the period under review.

**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**FINANCIAL RISK MANAGEMENT CONTINUED**

**Balances past due not impaired:**

|                                 | <b>2013<br/>%</b> | <b>2013<br/>R</b> | <b>2012<br/>%</b> | <b>2012<br/>R</b> |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|
| <u>Long Term Receivables</u>    |                   |                   |                   |                   |
| Rates & other                   | 50.62%            | 200 525           | 57.67%            | 247 491           |
|                                 |                   |                   |                   |                   |
| <u>Non-Exchange Receivables</u> |                   |                   |                   |                   |
| Rates & other charges           | 24.83%            | 4 159 921         | 21.57%            | 2 710 393         |
|                                 |                   |                   |                   |                   |
| <u>Exchange Receivables</u>     |                   |                   |                   |                   |
| Electricity                     | 82.72%            | 23 438 637        | 83.38%            | 21 084 523        |
| Water                           | 12.56%            | 4 994 940         | 17.74%            | 5 414 968         |
| Housing Rentals                 | 5.80%             | 100 542           | 7.46%             | 106 098           |
| Refuse                          | 9.09%             | 2 107 193         | 12.88%            | 2 333 596         |
| Sewerage                        | 13.95%            | 2 714 503         | 17.23%            | 2 511 743         |
| Other                           | 23.59%            | 447 816           | 11.56%            | 197 935           |
|                                 | 29.55%            | 33 803 631        | 34.54%            | 31 648 863        |

No receivables are pledged as security for financial liabilities.

Due to the short term nature of receivables the carrying value disclosed in note 3 and 4 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

**The provision for bad debts could be allocated between the different classes of debtors as**

|                                 | <b>2013<br/>%</b> | <b>2013<br/>R</b> | <b>2012<br/>%</b> | <b>2012<br/>R</b> |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|
| <u>Long Term Receivables</u>    |                   |                   |                   |                   |
| Rates & other                   | 0.18%             | 168 450           | 0.22%             | 152 657           |
|                                 |                   |                   |                   |                   |
| <u>Non-Exchange Receivables</u> |                   |                   |                   |                   |
| Rates & other                   | 13.49%            | 12 594 725        | 14.08%            | 9 857 556         |
|                                 |                   |                   |                   |                   |
| <u>Exchange Receivables</u>     |                   |                   |                   |                   |
| Electricity                     | 5.25%             | 4 895 591         | 6.00%             | 4 202 847         |
| Water                           | 37.26%            | 34 775 556        | 35.88%            | 25 116 623        |
| Housing Rentals                 | 1.75%             | 1 631 486         | 1.88%             | 1 315 803         |
| Refuse                          | 22.59%            | 21 081 565        | 22.54%            | 15 777 617        |
| Sewerage                        | 17.93%            | 16 739 407        | 17.23%            | 12 064 321        |
| Other                           | 1.55%             | 1 450 309         | 2.16%             | 1 514 195         |
|                                 | 86.33%            | 80 573 914        | 86%               | 59 991 406        |

**The provision for bad debts could be allocated between the different categories of debtors as follows**

|             | <b>2013<br/>%</b> | <b>2013<br/>R</b> | <b>2012<br/>%</b> | <b>2012<br/>R</b> |
|-------------|-------------------|-------------------|-------------------|-------------------|
| Residential | 86.14%            | 80 404 824        | 86.30%            | 60 414 257        |
| Commercial  | 0.00%             | -                 | 0.00%             | 1                 |
| Business    | 8.71%             | 8 126 636         | 8.08%             | 5 653 335         |
| Government  | 0.58%             | 544 199           | 0.45%             | 315 968           |
| Other       | 4.44%             | 4 141 295         | 5.17%             | 3 618 058         |
|             | 99.87%            | 93 337 089        | 100.00%           | 70 001 619        |

# WITZENBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| FINANCIAL RISK MANAGEMENT CONTINUED            | 2013<br>% | 2013<br>R | 2012<br>% | 2012<br>R |
|--|-----------|-----------|-----------|-----------|
| <b>Bad debts written off per debtor class:</b> |           |           |           |           |
| <u>Long Term Receivables</u>                   |           |           |           |           |
| Rates & other                                  | 0.00%     | -         | 2.95%     | 41 041    |
| <u>Non-Exchange Receivables</u>                |           |           |           |           |
| Rates  | 97.83%    | 145 177   | 4.38%     | 61 072    |
| <u>Exchange Receivables</u>                    |           |           |           |           |
| Electricity                                    | 0.54%     | 797       | 25.57%    | 356 278   |
| Water  | 0.75%     | 1 119     | 30.87%    | 430 165   |
| Housing Rentals                                | 0.03%     | 49        | 1.44%     | 20 033    |
| Refuse   | 0.44%     | 652       | 18.31%    | 255 172   |
| Sewerage                                       | 0.37%     | 547       | 14.74%    | 205 365   |
| Other  | 0.04%     | 53        | 1.73%     | 24 122    |
|  | 2.17%     | 3 218     | 92.67%    | 1 291 135 |

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment.

|  | 2013<br>R  | 2012<br>R  |
|--|------------|------------|
| Financial assets exposed to credit risk at year end are as follows |            |            |
| Long term receivables  | 227 666    | 276 502    |
| Receivables from exchange transactions                             | 33 639 421 | 31 648 861 |
| Receivables from non-exchange transactions                         | 1 778 704  | 963 871    |
| Cash and Cash Equivalents  | 30 853 256 | 32 561 783 |
| Non-Current Investments  | 105 062    | 105 062    |
| Unpaid conditional grants and subsidies                            | 15 678 100 | 5 599 933  |
|  | 82 282 209 | 71 156 012 |

### (e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**FINANCIAL RISK MANAGEMENT CONTINUED**

|  | Less than 1<br>year | Between 1 and 5<br>years | Between 5 and<br>10 years | Over 10 Years  |
|--|---------------------|--------------------------|---------------------------|----------------|
| <b>2013</b>  |                     |                          |                           |                |
| Long Term liabilities                              | 12 414 777          | 40 203 694               | 8 390 315                 | -              |
| Capital repayments                                 | 7 320 766           | 29 888 116               | 7 279 148                 | -              |
| Interest   | 5 094 011           | 10 315 578               | 1 111 167                 | -              |
| Trade and Other Payables                           | 44 430 303          | -                        | -                         | -              |
| Unspent conditional government grants and receipts | 6 545 350           | -                        | -                         | -              |
| Cash and Cash Equivalents                          |                     |                          |                           |                |
|  | <u>63 390 430</u>   | <u>40 203 694</u>        | <u>8 390 315</u>          | <u>-</u>       |
|  | Less than 1<br>year | Between 1 and 5<br>years | Between 5 and<br>10 years | Over 10 Years  |
| <b>2012</b>  |                     |                          |                           |                |
| Long Term liabilities                              | 13 650 775          | 48 395 338               | 12 315 712                | 538 494        |
| Capital repayments                                 | 7 648 923           | 33 901 504               | 9 931 265                 | 523 476        |
| Interest   | 6 001 852           | 14 493 834               | 2 384 447                 | 15 018         |
| Trade and Other Payables                           | 38 560 458          | -                        | -                         | -              |
| Unspent conditional government grants and receipts | 13 137 816          | -                        | -                         | -              |
| Cash and Cash Equivalents                          |                     |                          |                           |                |
|  | <u>65 349 049</u>   | <u>48 395 338</u>        | <u>12 315 712</u>         | <u>538 494</u> |

**48 FINANCIAL INSTRUMENTS**

**2013  
R**      **2012  
R**

In accordance with IAS 39.09 the financial instruments of the municipality are classified as follows

The fair value of financial instruments approximates the amortised costs as reflected bellow

**48.1 Financial Assets**

**Classification**

**Long-term Receivables**

|                             |   |         |         |
|-----------------------------|---|---------|---------|
| Officials Housing Loans     | Financial instruments at amortised cost | 313 895 | 346 164 |
| Rates (Re-negotiated terms) | Financial instruments at amortised cost | 58 355  | 60 332  |
| Councillor Allowances       | Financial instruments at amortised cost | 31 126  | 29 923  |

**Receivables**

|  |   |            |            |
|--|---|------------|------------|
| Receivables from exchange transactions     | Financial instruments at amortised cost | 33 639 421 | 31 648 861 |
| Receivables from non-exchange transactions | Financial instruments at amortised cost | 1 778 704  | 963 871    |

**Other Receivables**

|                                 |   |            |           |
|---------------------------------|---|------------|-----------|
| Government Subsidies and Grants | Financial instruments at amortised cost | 15 678 100 | 5 599 933 |
|---------------------------------|---|------------|-----------|

**Current Portion of Long-term Receivables**

|                         |   |        |        |
|-------------------------|---|--------|--------|
| Officials Housing Loans | Financial instruments at amortised cost | 20 096 | 22 371 |
| Sport Club Loans        | Financial instruments at amortised cost | 7 045  |        |

**Short-term Investment Deposits**

|               |   |            |            |
|---------------|---|------------|------------|
| Call Deposits | Financial instruments at amortised cost | 21 913 574 | 18 076 435 |
|---------------|---|------------|------------|

**Bank Balances and Cash**

|                          |   |           |            |
|--------------------------|---|-----------|------------|
| Bank Balances            | Financial instruments at amortised cost | 8 931 456 | 14 476 952 |
| Cash Floats and Advances | Financial instruments at amortised cost | 8 226     | 8 397      |

**82 379 998**      **71 233 239**

**SUMMARY OF FINANCIAL ASSETS**

|   |            |            |
|---|------------|------------|
| Financial instruments at amortised cost | 82 379 998 | 71 233 239 |
|---|------------|------------|

**At amortised cost**      **82 379 998**      **71 233 239**

**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

|   |   | <b>2013<br/>R</b> | <b>2012<br/>R</b>  |
|---|---|-------------------|--------------------|
| <b>FINANCIAL INSTRUMENTS CONTINUED</b>  |   |                   |                    |
| <b>48.2 Financial Liability</b>   | <b><u>Classification</u></b>            |                   |                    |
| <b>Long-term Liabilities</b>  |   |                   |                    |
| Annuity Loans   | Financial instruments at amortised cost | 51 697 498        | 59 764 122         |
| Capitalised Lease Liability   | Financial instruments at amortised cost | 746 223           | -                  |
| <b>Payables from exchange transactions</b>  |   |                   |                    |
| Trade creditors   | Financial instruments at amortised cost | 34 617 576        | 31 335 161         |
| Arrear portion of long term liabilities   | Financial instruments at amortised cost |                   |                    |
| Retentions  | Financial instruments at amortised cost | 3 638 724         | 3 024 112          |
| Deposits  | Financial instruments at amortised cost | 640 981           | 622 432            |
| Other   | Financial instruments at amortised cost | 5 533 022         | 3 578 754          |
| <b>Other Payables</b>   |   |                   |                    |
| Government Subsidies and Grants   | Financial instruments at amortised cost | 6 545 350         | 13 137 816         |
| <b>Current Portion of Long-term Liabilities</b>   |   |                   |                    |
| Annuity Loans   | Financial instruments at amortised cost | (7 320 766)       | (7 648 923)        |
| Capitalised Lease Liability   | Financial instruments at amortised cost | (224 286)         | -                  |
|   |   | <b>95 874 322</b> | <b>103 813 474</b> |
| <b>SUMMARY OF FINANCIAL LIABILITY</b>   |   |                   |                    |
| Financial instruments at amortised cost   |   | <b>95 874 322</b> | <b>103 813 474</b> |
| <b>49 IN-KIND DONATIONS AND ASSISTANCE</b>  |   |                   |                    |
| The municipality did not receive any in-kind donations or assistance during the year under review |   |                   |                    |
| <b>50 PRIVATE PUBLIC PARTNERSHIPS</b>   |   |                   |                    |
| Council has not entered into any private public partnerships during the financial year.           |   |                   |                    |



# WITZENBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| 51  | CONTINGENT LIABILITY                | 2013<br>R | 2012<br>R |
|---|-------------------------------------|-----------|-----------|
|   | Claims against Council              | 8 118 660 | 3 679 716 |
|   | Estimate legal Fees                 | 230 023   | 272 504   |
| <p>The municipality is currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions. Management are respectfully of opinion that this matter will be successfully defended. The Municipality is defending all the claims. The amounts indicated is Management's estimated financial exposure. The following are narratives of the cases</p> |                                     |           |           |
|   | GP Bezuidenhout                     | 844 349   | 844 349   |
|   | IMATU on behalve of GP Bezuidenhout | 40 000    |           |
|   | F Daniels / SALGBC & two others     | 196 944   | 196 944   |
|   | Ceres Inn                           | 823       | 823       |
|   | Benjamin Weitz                      | 1 210 000 | 1 210 000 |
|   | L Louw                              | 1 427 600 | 1 427 600 |
|   | SALGA versus municipal trade unions | 4 398 944 |           |
|   |                                     | 8 118 660 | 3 679 716 |

## 52 RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

### 52.1 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date are disclosed in Note 6 to the Annual Financial Statements.

### 52.2 Compensation of key management personnel

The compensation of key management personnel is set out in Note 30 to the Annual Financial Statements

### 52.3 Other related party transactions

No purchases were made during the year where Councillors or staff have an interest

**APPENDIX A - Unaudited**  
**WITZENBERG MUNICIPALITY**  
**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2013**

| EXTERNAL LOANS                 | Rate   | Loan Number  | Redeemable | Balance at 30 JUNE 2012 | Balance at 30 JUNE 2012 Restated | Received during the period | Redeemed / written off during the period | Balance at 30 JUNE 2013 |
|--------------------------------|--------|--------------|------------|-------------------------|----------------------------------|----------------------------|--|-------------------------|
| <b>ANNUITY LOANS</b>           |        |              |            |                         |                                  |                            |  |                         |
| ABSA                           | 13.05% | 30-0969-8128 | 2013/02/14 | 55 552                  | 55 552                           |                            | 55 552                                   | 0                       |
| ABSA                           | 12.80% | 30-0969-8770 | 2013/02/14 | 7 969                   | 7 969                            |                            | 7 969                                    | 0                       |
| ABSA                           | 12.80% | 30-0969-9043 | 2013/02/14 | 131 241                 | 131 241                          |                            | 131 241                                  | 0                       |
| ABSA                           | 10.21% | 90-9200-8204 | 2015/12/30 | 39 636                  | 39 636                           |                            | 10 163                                   | 29 473                  |
| ABSA                           | 10.21% | 20-9200-9990 | 2015/12/30 | 67 774                  | 67 774                           |                            | 17 379                                   | 50 395                  |
| ABSA                           | 10.21% | 0-9205-8859  | 2015/12/30 | 18 617                  | 18 617                           |                            | 4 775                                    | 13 842                  |
| NED BANK                       | 8.00%  | 5032172 0001 | 2013/05/30 | 791 863.11              | 791 863                          |                            | 791 863                                  | 0                       |
| NED BANK                       | 8.00%  | 5032156 0001 | 2015/05/30 | 682 307.19              | 682 307                          |                            | 212 197                                  | 470 110                 |
| NED BANK                       | 8.00%  | 5032113 0001 | 2018/05/30 | 1 163 954.24            | 1 163 954                        |                            | 165 733                                  | 998 222                 |
| NED BANK                       | 8.00%  | 5032032 0001 | 2023/05/30 | 9 304 898.42            | 9 304 898                        |                            | 604 507                                  | 8 700 391               |
| CERES GOLF CLUB                | 18.00% | 49           | 2018/06/30 | 32 661                  | 32 661                           |                            | 3 390                                    | 29 271                  |
| DBSA                           | 12.00% | 10478/102    | 2017/09/30 | 2 429 277               | 2 429 277                        |                            | 435 324                                  | 1 993 953               |
| DBSA                           | 12.00% | 10525/104    | 2017/03/31 | 25 029 291              | 25 029 291                       |                            | 3 812 328                                | 21 216 964              |
| DBSA                           | 15.25% | 11188/101    | 2018/09/30 | 7 379 819               | 7 379 819                        |                            | 730 164                                  | 6 649 655               |
| DBSA                           | 15.50% | 10772/101    | 2018/09/30 | 1 671 234               | 1 671 234                        |                            | 164 107                                  | 1 507 127               |
| DBSA                           | 9.50%  | 102040/1     | 2021/09/30 | 271 979                 | 271 979                          |                            | 18 691                                   | 253 288                 |
| DBSA                           | 9.49%  | 102040/2     | 2013/09/30 | 442 028                 | 442 028                          |                            | 287 824                                  | 154 204                 |
| DBSA                           | 14.65% | 12977/101    | 2012/12/31 | 802                     | 802                              |                            | 802                                      | 0                       |
| DBSA                           | 14.35% | 12978/101    | 2013/12/31 | 70 031                  | 70 031                           |                            | 45 057                                   | 24 974                  |
| DBSA                           | 10.75% | 13161/101    | 2014/12/31 | 9 999                   | 9 999                            |                            | 3 688                                    | 6 311                   |
| DBSA                           | 15.25% | 13164/101    | 2014/12/31 | 6 222                   | 6 222                            |                            | 2 218                                    | 4 004                   |
| DBSA                           | 8.59%  | 100605/1     | 2023/06/30 | 2 398 014               | 2 398 014                        |                            | 218 001                                  | 2 180 013               |
| <b>Total Annuity Loans</b>     |        |              |            | <b>52 005 169</b>       | <b>52 005 169</b>                | <b>-</b>                   | <b>7 722 974</b>                         | <b>44 282 196</b>       |
| <b>LEASE LIABILITY</b>         |        |              |            |                         |                                  |                            |  |                         |
| Office Equipment               |        | Various      | 2012/02/29 | -                       | -                                | 691 343                    | 169 406                                  | 521 937                 |
| <b>Total Lease Liabilities</b> |        |              |            | <b>-</b>                | <b>-</b>                         | <b>691 343</b>             | <b>169 406</b>                           | <b>521 937</b>          |
| <b>TOTAL EXTERNAL LOANS</b>    |        |              |            | <b>52 005 169</b>       | <b>52 005 169</b>                | <b>691 343</b>             | <b>7 892 380</b>                         | <b>44 804 133</b>       |

**APPENDIX B - Unaudited**  
**WITZENBERG MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013**  
**MUNICIPAL VOTES CLASSIFICATION**

| <b>2012<br/>Actual<br/>Income<br/>R</b> | <b>2012<br/>Actual<br/>Expenditure<br/>R</b> | <b>2012<br/>Surplus/<br/>(Deficit)<br/>R</b> |                             | <b>2013<br/>Actual<br/>Income<br/>R</b> | <b>2013<br/>Actual<br/>Expenditure<br/>R</b> | <b>2013<br/>Surplus/<br/>(Deficit)<br/>R</b> |
|---|--|--|-----------------------------|---|--|--|
| 39 114 165                              | (75 250 279)                                 | (36 136 114)                                 | Budget & Treasury Office    | 45 757 066                              | (17 540 332)                                 | 28 216 734                                   |
| (3 420 515)                             | 52 202 799                                   | 48 782 284                                   | Civil Services              | (2 896 546)                             | 47 998 668                                   | 45 102 122                                   |
| -                                       | 22 954 350                                   | 22 954 350                                   | Community & Social Services | -                                       | 27 807 076                                   | 27 807 076                                   |
| -                                       | (23 032 254)                                 | (23 032 254)                                 | Corporate Services          | -                                       | (17 548 372)                                 | (17 548 372)                                 |
| -                                       | 18 032 044                                   | 18 032 044                                   | Electro Technical Services  | -                                       | 13 891 649                                   | 13 891 649                                   |
| -                                       | (15 788 828)                                 | (15 788 828)                                 | Executive & Council         | -                                       | (15 410 919)                                 | (15 410 919)                                 |
| -                                       | (2 156 474)                                  | (2 156 474)                                  | Housing                     | -                                       | (2 201 672)                                  | (2 201 672)                                  |
| 156 122                                 | (3 525 885)                                  | (3 369 763)                                  | Planning                    | 46 422                                  | (2 959 527)                                  | (2 913 105)                                  |
| -                                       | (1 846 046)                                  | (1 846 046)                                  | Public Safety               | -                                       | (5 531 629)                                  | (5 531 629)                                  |
| -                                       | (6 776 993)                                  | (6 776 993)                                  | Sport & Recreation          | -                                       | 4 748 273                                    | 4 748 273                                    |
| 35 849 772                              | (35 187 566)                                 | 662 206                                      | <b>Total</b>                | 42 906 943                              | 33 253 214                                   | 76 160 157                                   |

**APPENDIX C - Unaudited  
WITZENBERG MUNICIPALITY  
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013  
GENERAL FINANCE STATISTIC CLASSIFICATIONS**

| 2012<br>Actual<br>Income<br>R | 2012<br>Actual<br>Expenditure<br>R | 2012<br>Surplus/<br>(Deficit)<br>R |                             | 2013<br>Actual<br>Income<br>R | 2013<br>Actual<br>Expenditure<br>R | 2013<br>Surplus/<br>(Deficit)<br>R |
|-------------------------------|------------------------------------|------------------------------------|-----------------------------|-------------------------------|------------------------------------|------------------------------------|
| -                             | -                                  | -                                  | Executive & Council         | -                             | -                                  | -                                  |
| -                             | -                                  | -                                  | Budget & Treasury Office    | -                             | -                                  | -                                  |
| -                             | (25 035 832)                       | (25 035 832)                       | Corporate Services          | -                             | (19 523 911)                       | (19 523 911)                       |
| -                             | -                                  | -                                  | Planning & Development      | -                             | -                                  | -                                  |
| -                             | -                                  | -                                  | Community & Social Services | -                             | -                                  | -                                  |
| -                             | (2 156 474)                        | (2 156 474)                        | Housing                     | -                             | (2 201 672)                        | (2 201 672)                        |
| -                             | (2 939 196)                        | (2 939 196)                        | Public Safety               | -                             | (6 606 659)                        | (6 606 659)                        |
| -                             | -                                  | -                                  | Sport & Recreation          | -                             | -                                  | -                                  |
| -                             | (738 073)                          | (738 073)                          | Environmental Protection    | -                             | (711 555)                          | (711 555)                          |
| -                             | (4 142 719)                        | (4 142 719)                        | Waste Management            | -                             | (2 991 699)                        | (2 991 699)                        |
| -                             | 8 825 598                          | 8 825 598                          | Waste Water Management      | -                             | 15 182 524                         | 15 182 524                         |
| -                             | 13 080 534                         | 13 080 534                         | Road Transport              | -                             | (5 348 299)                        | (5 348 299)                        |
| (3 420 515)                   | 35 532 534                         | 32 112 020                         | Water                       | (2 896 546)                   | 42 231 172                         | 39 334 627                         |
| -                             | 18 997 887                         | 18 997 887                         | Electricity                 | -                             | 15 041 208                         | 15 041 208                         |
| -                             | -                                  | -                                  | Other                       | -                             | -                                  | -                                  |
| (3 420 515)                   | 41 424 260                         | 38 003 745                         | <b>Total</b>                | (2 896 546)                   | 35 071 109                         | 32 174 563                         |
|                               |                                    |                                    |                             |                               |                                    |                                    |

**APPENDIX D - Unaudited**  
**WITZENBERG MUNICIPALITY**  
**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

| UNSPENT AND UNPAID<br>GOVERNMENT GRANTS AND RECEIPTS | Balance<br>1 JULY 2012 | Grants<br>Received | Write Offs /<br>Transfers | Operating<br>expenditure during<br>the year<br>Transferred to<br>revenue | Capital<br>expenditure<br>during the year<br>Transferred to<br>revenue | Balance<br>30 JUNE 2013 | Unspent<br>2013<br>(Payable) | Unpaid<br>2013<br>(Receivable) |
|--|------------------------|--------------------|---------------------------|--|--|-------------------------|------------------------------|--------------------------------|
| R  | R                      | R                  | R                         | R  | R  | R                       | R                            | R                              |
| <b><u>National Government Grants</u></b>             |                        |                    |                           |  |  |                         |                              |                                |
| Finance Management Grant                             | (422 255)              | 1 250 000          | 167 188                   | (1 055 217)  | -  | (60 285)                | -                            | 60 285                         |
| Transformation funds                                 | 167 188                | -                  | (167 188)                 | -  | -  | -                       | -                            | -                              |
| DWAF - Drought relief                                | 3 185 757              | (1 760 000)        | 924 431                   | (664 863)  | (5 256 059)  | (3 570 734)             | -                            | 3 570 734                      |
| Municipal Systems Improvement Grant                  | 106 274                | 800 000            | -                         | (162 824)  | (743 450)  | -                       | -                            | -                              |
| Municipal infrastructure Grant                       | (804 844)              | 22 112 000         | -                         | (2 658 286)  | (19 406 535)   | (757 665)               | -                            | 757 665                        |
| Regional Bulk Infrastructure Grant (DWAF)            | (2 202 205)            | 19 897 358         | -                         | (2 685 292)  | (21 007 252)   | (5 997 391)             | -                            | 5 997 391                      |
| Housing - Kluitjeskraal                              | (85 704)               | -                  | -                         | -  | -  | (85 704)                | -                            | 85 704                         |
| Integrated National Electricity Program              | (824 041)              | -                  | -                         | (146 000)  | -  | (970 041)               | -                            | 970 041                        |
| Equitable share                                      | -                      | 46 200 000         | -                         | (46 200 000)   | -  | -                       | -                            | -                              |
| Department of Rural Development                      | (453 823)              | 4 705 468          | -                         | (599 656)  | (7 677 700)  | (4 025 711)             | -                            | 4 025 711                      |
| ACIP funds (DWAF)                                    | 876 275                | 4 000 000          | (924 431)                 | (474 181)  | (3 477 662)  | -                       | -                            | -                              |
| Expanded Public Works Programme                      | -                      | 1 000 000          | -                         | (309 571)  | (800 000)  | (109 570)               | -                            | 109 570                        |
| Neighbourhood Development Plan                       | 1 379 294              | 1 379 000          | -                         | (127 993)  | (1 195 980)  | 1 434 321               | 1 434 321                    | -                              |
| <b><u>Provincial Government Grants</u></b>           |                        |                    |                           |  |  |                         |                              |                                |
| Library services                                     | 275 121                | 669 000            | 1 982                     | (578 218)  | -  | 367 885                 | 367 885                      | -                              |
| Library services Replacement Funding                 | -                      | 4 738 000          | -                         | (4 738 000)  | -  | -                       | -                            | -                              |
| CDW  | 79 938                 | 216 000            | -                         | (118 332)  | -  | 177 606                 | 177 606                      | -                              |
| Main roads   | -                      | -                  | -                         | (101 000)  | -  | (101 000)               | -                            | 101 000                        |
| Wolseley Landbouprojek                               | 59 411                 | -                  | -                         | (59 411)   | -  | -                       | -                            | -                              |
| Hand Crafts Project                                  | 42 760                 | -                  | -                         | (42 760)   | -  | -                       | -                            | -                              |
| Aqua Culture Project                                 | 21 134                 | -                  | -                         | (21 134)   | -  | -                       | -                            | -                              |
| Planning   | (8 151)                | -                  | -                         | 8 151  | -  | -                       | -                            | -                              |
| Housing  | 6 193 692              | 23 311 641         | -                         | (11 553 893)   | (13 385 901)   | 4 565 539               | 4 565 539                    | -                              |
| Sport  | 109 458                | -                  | -                         | (5 182)  | (104 276)  | -                       | -                            | -                              |
| Library Capital                                      | 1 982                  | -                  | (1 982)                   | -  | -  | -                       | -                            | -                              |
| Public Transport Infrastructure Grant                | 30 950                 | -                  | -                         | (562)  | (30 388)   | -                       | -                            | -                              |
| Multipurpose Centre                                  | (121 653)              | -                  | -                         | 121 653  | -  | -                       | -                            | -                              |
| Financial Management Training                        | 300 000                | -                  | -                         | (300 000)  | -  | -                       | -                            | -                              |
| -  | -                      | -                  | -                         | -  | -  | -                       | -                            | -                              |
| <b><u>District Municipality</u></b>                  |                        |                    |                           |  |  |                         |                              |                                |
| Asset Investigation - Electricity                    | 57 508                 | -                  | -                         | (57 508)   | -  | -                       | -                            | -                              |
| Water & Sanitation Informal Areas                    | (113 932)              | -                  | -                         | 113 932  | -  | -                       | -                            | -                              |
| Housing Consumer Education Training                  | (5 138)                | -                  | -                         | 5 138  | -  | -                       | -                            | -                              |
| Hawkers Sites (Op die Berg)                          | 251 076                | -                  | -                         | (251 076)  | -  | -                       | -                            | -                              |
| Upgrading of Streets & Sidewal                       | (481 987)              | -                  | -                         | 481 987  | -  | -                       | -                            | -                              |
| Solid Waste  | (76 200)               | -                  | -                         | 76 200   | -  | -                       | -                            | -                              |
| <b>Total</b>   | <b>7 537 883</b>       | <b>128 518 466</b> | <b>-</b>                  | <b>(72 103 898)</b>  | <b>(73 085 201)</b>  | <b>(9 132 749)</b>      | <b>6 545 351</b>             | <b>15 678 100</b>              |



# **REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL ON WITZENBERG MUNICIPALITY**

## **REPORT ON THE FINANCIAL STATEMENTS**

### **Introduction**

1. I have audited the financial statements of the Witzenberg Municipality set out on pages 3 to 54, which comprise the statement of financial position as at 30 June 2013, the statement of financial performance, statement of changes in net assets, the cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

### **Accounting officer's responsibility for the financial statements**

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2012 (Act No. 5 of 2012) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor-general's responsibility**

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



## **Opinion**

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Witzenberg Municipality as at 30 June 2013, and its financial performance, cash flows and the comparison of budget and actual amounts for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

## **Emphasis of matters**

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

## **Significant uncertainties**

8. With reference to note 51 to the financial statements, the municipality is engaged in litigation in seven legal claims with an estimated financial exposure of R8 118 660 (2011-12: R3 679 716) which could result in damages/costs being awarded against Council if the claimants are successful in their actions. The ultimate outcome of the matters cannot be determined at present, and no provision for any liability that may result has been made in the financial statements.

## **Material losses/Impairments**

9. As disclosed in note 3 to the financial statements, the municipality had receivables from exchange transactions (consumer debtors) totalling R114 377 545 at 30 June 2013 (2011-12: R91 640 269). A provision for impairment of R80 738 124 (2011-12: R59 991 408) has been made against the debtors balance for doubtful debts at 30 June 2013.
10. As disclosed in note 4 to the financial statements, the municipality had receivables from non-exchange transactions (rates and other receivables) totalling R16 754 646 at 30 June 2013 (2011-12: R12 567 949). A provision for impairment of R12 594 725 (2011-12: R9 857 556) has been made against the debtors balance for doubtful debts at 30 June 2013.
11. As disclosed in note 44.3 to the financial statements, electricity distribution losses for the municipality totalled 8.37% (R9 889 673) for the year ended 30 June 2013 compared to 8.54% (R8 755 780) for the year ended 30 June 2012.

## **Additional matters**

12. I draw attention to the matters below. My opinion is not modified in respect of these matters.

## **Material inconsistencies in other information included in the annual report**

13. The revised draft annual report has not yet been received for review. As a result, it has not been reviewed for any inconsistencies with the financial statements. The draft annual report as well as the final printer's proof of the annual report will be reviewed and any material inconsistencies then identified will be communicated to management. Should the inconsistencies not be corrected, it may result in the matter being included in the audit report.



### **Unaudited supplementary schedules**

14. The supplementary information set out on pages 55 to 58 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

15. In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

#### **Predetermined objectives**

16. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 14 to 91 of the annual report.
17. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability.
18. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury's *Framework for managing programme performance information*.
19. The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).
20. There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

#### **Additional matter**

21. Although no material findings concerning the usefulness and reliability of the performance information were identified in the annual performance report, I draw attention to the matter below. This matter does not have an impact on the audit findings on predetermined objectives reported above.

#### **Achievement of planned targets**

22. Of the total number of 40 targets planned for the year, 10 targets were not fully achieved during the year under review. This represents 25% of total planned targets that were not fully achieved during the year under review.
23. This was mainly due to the municipality being unable to fully execute its planning as a result of, among others, protest actions which had a negative effect on the achievement of housing targets and also increased the cost of projects.

### **Compliance with laws and regulations**

- 24. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters.
- 25. I did not identify any instances of material non-compliance with specific matters in key applicable laws and regulations as set out in the *General Notice* issued in terms of the PAA.

### **Internal control**

- 26. I considered internal control relevant to my audit of the financial statements, performance information and compliance with laws and regulations.
- 27. I did not identify any deficiencies in internal control which I considered sufficiently significant for inclusion in this report.

*Auditor - General*

Cape Town

29 November 2013



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*



## Report of the Performance Risk and Audit Committee

We are pleased to present our Report for Witzenberg Municipality for the financial year ended 30 June 2013.

### 1. Performance, Risk and Audit Committee Members and Attendance

The Performance, Risk and Audit Committee (PRAC) consists of six independent persons of which one member was terminated with effect from 29 May 2013. The termination was due to the member being absent for more than three consecutive PRAC meetings. Council has decided not to replace the member as they are of the opinion that the committee has enough experience to fulfill their mandate. All members of the Performance, Risk and Audit Committee have the required expertise and experience in business, financial matters and performance management. The Committee met five times during the year to 30 June 2013 and performed their duties in accordance with the MFMA and the PRAC Charter.

| Name of PRAC member | Capacity                          | Meeting dates    |
|---------------------|-----------------------------------|------------------|
| Mr. SA Redelinghuys | Chairperson                       | 20 July 2012     |
| Mr. J George        | Member                            | 30 August 2012   |
| Mr. A Amod          | Member                            | 23 November 2012 |
| Ms. T Bavuma        | Member terminated WEF 29 May 2013 | 15 March 2013    |
| Mr. B Afrika        | Member                            | 22 April 2013    |
| Ms. B. Daries       | Member                            |                  |

Other invitees by the Audit Committee during the year under review include the Municipal Manager, Chief Finance Officer, the Auditor-General of South Africa (AGSA), Internal Auditors and Deputy Director: Finance.

The PRAC members participated in discussions with the AGSA in reviewing the 2013 audit experience and held further discussions with the AGSA, Municipal Manager, Internal Auditors and other officials to gain further understanding of the issues and challenges facing the municipality.

### 2. PRAC Responsibility

The PRAC reports that it has complied with its responsibilities according to the MFMA and the PRAC Charter as far as reasonably possible.

The PRAC further reports that it has reviewed and re-affirmed the PRAC Charter during the year and has regulated its affairs in compliance with this charter.

### **3. Internal audit**

The PRAC reviewed its three year risk based audit plan adopted in 2012 as required by legislation. The PRAC reviewed the actual internal audit work that was conducted by the Internal Audit Unit in relation to the one year internal audit plan. Internal audit achieved 50% of their risk based audit plan for the 2012/2013 financial year, due to resource constraints. Internal audit committed that they will complete their risk based audit plan for the 2013/2014 financial year.

The PRAC is satisfied that the internal audit function operated effectively and that it has addressed the risks pertinent to the municipality. To this extend the PRAC expresses their appreciation to the Internal Auditors for the work done.

### **4. Internal control**

Internal control is the system of controls and directives that are designed to provide cost effective assurance that assets are safeguarded, that liabilities and working capital are efficiently managed and that the municipality fulfills its mandate, in compliance with all relevant statutory and governance duties and requirements.

The PRAC reviewed the following:

- Internal audit reports
- AGSA's audit report
- Annual Financial Statements
- Section 71 report
- Section 72 report

Based on these reports, certain control deficiencies have been identified. The PRAC will monitor the progress made by Management towards the improvement of the internal control environment.

### **5. Risk Management**

The PRAC has reviewed the completeness of the risk assessment process implemented by management and the alignment thereof to the risk-based audit plan. The PRAC has also reviewed the risk appetite, risk profile and action plans implemented by management to mitigate high risks.

Management is advised on a regular basis towards improvement of risk management.

### **6. Performance Management**

The PRAC raised its concerns at meetings with regards to the implementation and use of the Performance Management System, particularly the establishment of the KPA's and the KPI's. The PRAC also reviews the quarterly Service Delivery and Budget Implementation Plan.

The PRAC notes of the plan of action by the municipality and will monitor the implementation and the use of the Performance Management System.

## **7. Evaluation of Financial Statements**

The PRAC has:

- Reviewed and discussed the audited annual financial statements to be included in the Annual Report with the AGSA, the Municipal Manager, the Chief Financial Officer and other officials employed by the municipality.
- Reviewed changes in accounting policies and practices as applicable.

The PRAC accordingly concurs with and supports the AGSA conclusion on the annual financial statements, and is of the opinion that the audited annual financial statements can be accepted.

## **8. Concerns**

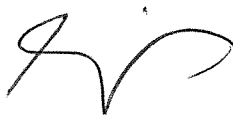
Although steps were taken the PRAC is still concerned about certain aspects:

- The collection of long outstanding debt remains a concern and has a serious negative affect on the cash flow and sustainability of the municipality;
- Electricity and water losses.

## **9. Conclusion**

The PRAC congratulates the municipality on achieving an Unqualified Audit Report with no other matters, which in terms of the AGSA definition is a Clean Audit Report. This is due to the commitment of management and officials.

The PRAC expresses their appreciation for the cooperation of all the officials who have engaged with them during the year. The PRAC expresses their appreciation for the cooperation of the AGSA who we have engaged with during the year.



Chairperson

Performance Risk and Audit Committee